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

Consolidated Financial Statements for the years 2013, 2012 and 2011, together with the Report of Independent Registered Public Accounting Firm

Building a better working world

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

Consolidated Financial Statements for the years 2013, 2012 and 2011, together with the Report of Independent Registered Public Accounting Firm

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Medina, Zaldívar, Paredes & Asociados
Sociedad Civil de Responsabilidad Limitada

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 public corporation) and subsidiaries (together the "Group"), which comprise the consolidated statements of financial position as of December 31, 2013 and 2012, and the related consolidated statements of profit or loss, statements of other comprehensive income, statements of changes in equity and statements of cash flows for the years ended December 31, 2013, 2012 and 2011, and a summary of significant accounting policies and other explanatory notes. These consolidated financial statements are the responsibility of the Group's Management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We did not audit the financial statements 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.). In the consolidated statements of financial position, the Group's investment in Minera Yanacocha S.R.L. , is stated at US$1,369 and US$1,614 million as of December 31, 2013 and 2012, respectively; and the Group's equity in the net income of Minera Yanacocha S.R.L. is stated at a loss of US$245 million for the year ended December 31, 2013 and a profit of US$286 and US$308 million for the year ended December 31, 2012 and 2011, respectively. Those statements were audited by other auditors whose report has been 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 report of the other auditors.
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, 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, 2013 and 2012, their results of operations and their cash flows for each of the years ended on December 31, 2013, 2012 and 2011, in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB).

Inscrita en la partida 11397283 del Registro de Personas Jurídicas de Lima y Callao
Miembro de Ernst & Young Global

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, 2013, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission "(1992 framework)" and our report dated April 30, 2014 expressed an unqualified opinion thereon.

Lima, Peru,
April 30, 2014

Countersigned by:

Medina, Zaldívar, Paredes & Asociados

Victor Burga
C.P.C.A. Register No. 14859

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

Consolidated statements of financial position

As of December 31, 2013 and 2012

	Note	2013 US$(000)	2012 US$(000) (Note 2.3)
Assets			
Current assets			
Cash and cash equivalents	6	61,898	186,712
Financial assets at fair value through profit or loss	7	-	54,509
Trade and other receivables, net	8(a)	260,434	362,904
Inventories, net	9(a)	175,719	157,533
Income tax credit		37,370	24,629
Prepaid expenses		14,597	11,837
Embedded derivative for sale of concentrates, net	28(b)	1,857	-
		551,875	798,124
Non-current asset			
Trade and other receivables, net	8(a)	20,607	40,079
Long-term inventories	9(a)	23,366	40,253
Investment in associates	10(a)	2,358,410	2,469,888
Mining concessions, development costs, property, plant and equipment, net	11	1,515,460	1,159,805
Deferred income tax asset, net	24(a)	83,525	111,701
Other assets		7,132	5,123
		4,008,500	3,826,849
Total assets		4,560,375	4,624,973
Liabilities and shareholders' equity, net			
Current liability			
Trade and other payables	12(a)	303,951	267,472
Current provisions	13(a)	69,800	71,780
Embedded derivatives for sale of concentrate, net	28(b)	-	4,939
Financial obligations	14(a)	11,370	5,815
Derivative financial instruments	28(a)	1,093	-
		386,214	350,006
Non-current liability			
Trade and other payables	12(a)	12,229	731
Other non-current provisions	13(a)	106,376	100,041
Financial obligations	14(a)	223,027	173,489
		341,632	274,261
Total liability		727,846	624,267
Shareholders 'equity, net	15		
Capital stock, net of treasury shares for US$(000)62,665		750,497	750,540
Investment shares, net of treasury shares for US$(000)765		1,396	1,399
Additional paid-in capital		219,055	219,471
Legal reserve		162,663	162,663
Other reserves		269	269
Retained earnings		2,421,238	2,601,792
Other reserves of equity		104	925
Shareholders 'equity, net attributable to owners of the parent		3,555,222	3,737,059
Non-controlling interest	16(a)	277,307	263,647
Total shareholders' equity, net		3,832,529	4,000,706
Total liabilities and shareholders' equity, net		4,560,375	4,624,973

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

Consolidated statements of profit or loss

For the years ended December 31, 2013, 2012 and 2011

	Note	2013 US$(000)	2012 US$(000) (Note 2.3)	2011 US$(000) (Note 2.3)
Operating income				
Net sales	18(a)	1,241,256	1,496,349	1,493,882
Royalty income	26(a)	44,185	67,178	62,742
Total operating income		1,285,441	1,563,527	1,556,624
Operating costs				
Cost of sales, excluding depreciation and amortization	19	(653,536)	(625,181)	(446,163)
Exploration in units in operation	20	(167,143)	(153,018)	(109,355)
Depreciation and amortization		(165,477)	(123,043)	(96,381)
Royalties	21	(30,623)	(37,667)	(60,262)
Total operating costs		(1,016,779)	(938,909)	(712,161)
Gross profit		268,662	624,618	844,463
Operating expenses				
Administrative expenses	22	(77,476)	(99,295)	(75,170)
Exploring in non-operating areas	23	(32,805)	(95,491)	(49,593)
Selling expenses		(16,035)	(18,090)	(11,617)
Provision for impairment of long-lived assets		(6,594)	(3,617)	-
Excess of workers' profit sharing	13(c)	(704)	(2,164)	(6,221)
Other, net		(2,746)	16,584	2,513
Total operating expenses, net		(136,360)	(202,073)	(140,088)
Operating profit		132,302	422,545	704,375
Other income, net				
Share in the results of associates under equity method	10(b)	(108,483)	481,826	496,769
Interest costs		(10,970)	(8,290)	(11,823)
Net gain (loss) from currency exchange difference		(7,012)	1,715	(675)
Interest income		6,623	9,486	11,827
Total other income (expenses), net		(119,842)	484,737	496,098
Profit before income tax		12,460	907,282	1,200,473
Income tax	24(b)	(86,614)	(144,236)	(211,589)
Net profit (loss)		(74,154)	763,046	988,884
Attributable to:				
Owners of the parent		(101,675)	703,626	887,333
Non-controlling interest	16(a)	27,521	59,420	101,551
		(74,154)	763,046	988,884
Basic and diluted profit (loss) per share attributable to owners of the parent, stated in U.S. dollars	15(g)	(0.40)	2.77	3.49

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

Consolidated statements of other comprehensive income

For the years ended December 31, 2013, 2012 and 2011

	Note	2013 US$(000)	2012 US$(000) (Note 2.3)	2011 US$(000) (Note 2.3)
Net profit (loss)		(74,154)	763,046	988,884
Other comprehensive income (loss) of the year				
Other comprehensive income to be reclassified to profit or loss in subsequent periods				
Net change in unrealized gain (loss) on hedging derivative instruments		(1,093)	(1,283)	24,471
Income tax for the effect on change in unrealized gain (loss) on hedging derivative instruments		378	439	(7,395)
	28(a)	(715)	(844)	17,076
Net movement on unrealized loss on other investments		(434)	(715)	(687)
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods		(1,149)	(1,559)	16,389
Total other comprehensive income (loss), net of tax		(75,303)	761,487	1,005,273
Attributable to:				
Equity holders of the parent		(102,496)	702,483	895,307
Non-controlling interests		27,193	59,004	109,966
		(75,303)	761,487	1,005,273

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

Consolidated statements of changes in equity

For the years ended December 31, 2013, 2012 and 2011

	Attributable to equity holders 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)
As of January 1, 2011 (note 2.3)	253,729,664	750,540	2,019	225,978	162,633	269	1,458,670	(5,906)	2,594,203	238,792	2,832,995
Net profit	-	-	-	-	-	-	887,333	-	887,333	101,551	988,884
Other comprehensive income	-	-	-	-	-	-	-	7,974	7,974	8,415	16,389
Total other comprehensive income of the year (note 2.3)	-	-	-	-	-	-	887,333	7,974	895,307	109,966	1,005,273
Dividends declared and paid, note 15(d)	-	-	-	-	-	-	(142,488)	-	(142,488)	(66,736)	(209,224)
Proceeds from expired dividends	-	-	-	-	6	-	-	-	6	-	6
Loss on purchase of non-controlling interest in El Brocal and Colquijirca, note 15(f)	-	-	-	-	-	-	(141,235)	-	(141,235)	(24,107)	(165,342)
Other acquisitions of non-controlling interests	-	-	-	-	-	-	(11,448)	-	(11,448)	4,283	(7,165)
As of December 31, 2011 (note 2.3)	253,729,664	750,540	2,019	225,978	162,639	269	2,050,832	2,068	3,194,345	262,198	3,456,543
Net profit	-	-	-	-	-	-	703,626	-	703,626	59,420	763,046
Other comprehensive income	-	-	-	-	-	-	-	(1,143)	(1,143)	(416)	(1,559)
Total other comprehensive income of the year (note 2.3)	-	-	-	-	-	-	703,626	(1,143)	702,483	59,004	761,487
Dividends declared and paid, note 15(d)	-	-	-	-	-	-	(152,666)	-	(152,666)	(44,881)	(197,547)
Capital reduction in Minera La Zanja S.R.L., note 15(e)	-	-	-	-	-	-	-	-	-	(12,674)	(12,674)
Treasury shares purchase	-	-	(620)	(6,507)	-	-	-	-	(7,127)	-	(7,127)
Proceeds from expired dividends	-	-	-	-	24	-	-	-	24	-	24
As of December 31, 2012 (note 2.3)	253,729,664	750,540	1,399	219,471	162,663	269	2,601,792	925	3,737,059	263,647	4,000,706
Net income (loss)	-	-	-	-	-	-	(101,675)	-	(101,675)	27,521	(74,154)
Other comprehensive loss	-	-	-	-	-	-	-	(821)	(821)	(328)	(1,149)
Total other comprehensive income (loss) of the year	-	-	-	-	-	-	(101,675)	(821)	(102,496)	27,193	(75,303)
Dividends declared and paid, note 15(d)	-	-	-	-	-	-	(78,879)	-	(78,879)	(13,533)	(92,412)
Treasury shares purchase	(14,474)	(43)	(3)	(416)	-	-	-	-	(462)	-	(462)
As of December 31, 2013	253,715,190	750,497	1,396	219,055	162,663	269	2,421,238	104	3,555,222	277,307	3,832,529

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

Consolidated statements of cash flows

For the years ended December 31, 2013, 2012 and 2011

	2013 US$(000)	2012 US$(000) (Note 2.3)	2011 US$(000) (Note 2.3)
Operating activities			
Proceeds from sales	1,351,359	1,410,120	1,505,476
Value added tax recovered	66,921	40,940	22,585
Royalty received	50,562	76,106	56,153
Dividends received	9,803	16,467	-
Interest received	8,235	8,606	8,528
Payments to suppliers and third parties	(742,191)	(812,721)	(672,479)
Payments to employees	(216,799)	(201,494)	(164,677)
Payments of royalties	(30,623)	(38,985)	(73,776)
Income tax paid	(66,427)	(136,336)	(111,802)
Payments of interests	(11,494)	(1,485)	(2,543)
Net cash and cash equivalents provided by operating activities	419,346	361,218	567,465
Investing activities			
Proceeds from settlement of financial assets at fair value through profit or loss	52,944	-	-
Proceeds from collection of loan to an associate	24,537	-	-
Proceeds from sale of mining concessions, development costs, property, plant and equipment	5,010	255	7,891
Additions to mining concessions, development costs, property, plant and equipment	(503,576)	(468,456)	(317,816)
Contributions and investment in associates	(6,988)	(58,594)	(52,182)
Decrease in time deposits	-	10,121	7,814
Proceeds from sale of investment shares	-	3,658	-
Net cash and cash equivalents used in investing activities	(428,073)	(513,016)	(354,293)
Financing activities			
Proceeds from financial obligations	236,975	74,258	50,962
Payments of financial obligations	(260,231)	(1,068)	(2,000)
Dividends paid to controlling shareholders	(78,836)	(152,666)	(142,488)
Dividends paid to non-controlling shareholders	(13,533)	(44,881)	(66,736)
Purchase of treasury shares	(462)	-	-
Capital stock reduction paid to non-controlling interest	-	(7,980)	-
Proceeds from sale of shares to non-controlling interest	-	-	60,379
Purchase of shares to non-controlling shareholders	-	-	(225,303)
Net cash and cash equivalents used in financing activities	(116,087)	(132,337)	(325,186)
Decrease in cash and cash equivalents for the period, net	(124,814)	(284,135)	(112,014)
Cash and cash equivalents at beginning of year	186,712	470,847	582,861
Cash and cash equivalents at year-end	61,898	186,712	470,847

1. Identification and business activity of the Group

(a) Identification -

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

(b) Business activity -

The Group and its subsidiaries (hereinafter "the Group") are principally engaged in the exploration, mining, concentration, smelting and marketing of polymetallic ores and metals.

The Group operates directly nine mining units located in Peru: Uchucchacua, Orcopampa, Poracota, Julcani, Recuperada, Antapite, Ishihuinca, Mallay, Breapampa and Shila-Paula. In addition, the Group has a controlling interest in Sociedad Minera El Brocal S.A.A. (hereinafter "El Brocal"), which operates the Colquijirca mining unit; Minera La Zanja S.R.L. (hereinafter "La Zanja"), which operates La Zanja mining unit; and other units dedicated to mining activities, electricity and services.

(c) Approval of consolidated financial statements -

The consolidated financial statements as of December 31, 2013 and 2012 were approved by the Company's Management on April 30, 2014 and, in its opinion, will be approved without modifications in the Board of Directors and Shareholders' Meetings within the terms established by Law.

The consolidated financial statements as of December 31, 2012 and 2011 were approved on February 28, 2013 and February 15, 2012, respectively.

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

	Country of constitution and operation	Ownership in capital			
		December 31, 2013		December 31, 2012	
		Direct %	Indirect %	Direct %	Indirect %
Investment and mining concessions held, exploration and exploitation of minerals					
Compañía Minera Condesa S.A.	Peru	100.00	-	100.00	-
Compañía Minera Colquirrumi S.A.	Peru	100.00	-	100.00	-
Sociedad Minera El Brocal S.A.A. (*)	Peru	2.71	51.36	2.54	48.18
Inversiones Colquijirca S.A. (*)	Peru	99.99	-	99.99	-
S.M.R.L. Chaupiloma Dos de Cajamarca	Peru	20.00	40.00	20.00	40.00
Minera La Zanja S.R.L.	Peru	53.06	-	53.06	-
Minera Julcani S.A. de C.V.	Mexico	100.00	-	100.00	-
Compañía de Minas Buenaventura Chile Ltda.	Chile	100.00	-	100.00	-
El Molle Verde S.A.C.	Peru	100.00	-	100.00	-
Apu Coropuna S.R.L.	Peru	70.00	-	-	-
Metalúrgica Los Volcanes S.A.	Peru	100.00	-	100.00	-
Compañía de Minas Cerro Hablador S.A.C.	Peru	99.00	1.00	-	-
Electric power activity					
Consorcio Energético de Huancavelica S.A.	Peru	100.00	-	100.00	-
Empresa de Generación Huanza S.A.	Peru	-	100.00	-	100.00
Empresa de Generación Huaura S.A.C.	Peru	1.00	99.00	1.00	99.00
Services					
Buenaventura Ingenieros S.A.	Peru	100.00	-	100.00	-
BISA Construcción S.A.	Peru	-	100.00	-	100.00
Contacto Corredores de Seguros S.A.	Peru	-	100.00	-	100.00
Bisa Argentina S.A. (before Minera San Francisco)	Argentina	56.00	44.00	100.00	-
Industrial activities					
Procesadora Industrial Rio Seco S.A.	Peru	100.00	-	100.00	-

(*) As of December 31, 2013 and 2012, the participation of the Company in common shares of El Brocal is 53.72 percent. Inversiones Colquijirca S.A. (hereafter "Colquijirca"), a Group's subsidiary (99.99 percent as of December 31, 2013 and 2012), has a 51.06 percent interest in El Brocal, through which the Company holds an indirect participation in El Brocal of 51.36 as of December 31, 2013 (48.18 percent as of December 31, 2012).

2. Basis for preparation, consolidation and accounting policies

2.1. Basis of preparation -

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (hereinafter "IFRS"), as issued by the International Accounting Standards Board (hereinafter "IASB").

The consolidated financial statements have been prepared on a historical cost basis, except for financial assets and liabilities at fair value through profit or loss, which include the derivative financial instruments, 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 thousands, except when otherwise indicated.

The preparation of consolidated financial statements require that Management use judgments, estimates and assumptions, as detailed on the following note 3.

These consolidated financial statements provide comparative information for prior periods.

2.2. Basis of consolidation -

The consolidated financial statements comprise the Group's financial statements and its subsidiaries to the date of the statements of financial position.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has all of the following:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its involvement with the investee.
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting, or similar, rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Group's voting rights and potential voting rights or a combination of rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statements of profit or loss and

other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the Parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

2.3. Changes in accounting policies and disclosures

The Group applied, for the first time, certain standards and amendments effective from January 1, 2013. The only rule requiring modification of previously consolidated financial statements is referred to IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine*. In addition, the application of IFRS 12 *Disclosure of interest in other entities* and IFRS 13 *Fair value measurement* resulted in additional disclosures in the consolidated financial statements.

The nature and the impact of each new standard in the Group is described below:

IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine*

The Interpretations Committee issued IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine*, effective January 1, 2013. Until December 31, 2012, the Group recorded costs of clearing removal (stripping cost of production) in the production stage as part of the production cost of inventories. As a result of the adoption of IFRIC 20, the stripping cost of production that is necessary to produce the inventory is recorded as cost of production, while the one that allows access to additional amounts of reserves to be exploited in future periods are capitalized and amortized based on proved and probable reserves of each ore body (component) identified in the open pit.

IFRS 12 *Disclosure of interests in other entities*

IFRS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. The requirements in IFRS 12 are more comprehensive than the previously existing disclosure requirements for subsidiaries. For example, when a subsidiary is controlled with less than the majority of voting rights. IFRS 12 disclosures are provided in note 16.

IFRS 13 *Fair value measurement*

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value but rather provides guidance on how to measure fair value under IFRS. IFRS 13 defines fair value as an exit price.

Application of IFRS 13 has no significant impact to the fair value measurements of the Group. Additional disclosures where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined. The fair value hierarchy is provided in Note 30.

The following adjustments were made to the consolidated statement of financial position as of December 31, 2012 as a result of the adoption of IFRIC 20:

	As reported US$(000)	Implementation of IFRIC 20 in subsidiary US$(000)	Implementation of IFRIC 20 in associates US$(000)	Restated US$(000)
Consolidated statement of financial position -				
Asset				
Current asset				
Inventories, net	163,067	(5,534)	-	157,533
Other current assets, net	640,591	-	-	640,591
	803,658	(5,534)	-	798,124
Non-current asset				
Long- term inventories	55,937	(15,684)	-	40,253
Investments in associates	2,452,570	-	17,318	2,469,888
Mining concessions, development costs, property, plant and equipment, net	1,134,276	25,529	-	1,159,805
Deferred income tax asset, net	113,343	(1,642)	-	111,701
Other non-current assets, net	45,202	-	-	45,202
	3,801,328	8,203	17,318	3,826,849
Total asset	4,604,986	2,669	17,318	4,624,973
Liabilities and shareholders' equity, net				
Liabilities				
Current liability	350,006	-	-	350,006
Non-current liability	274,261	-	-	274,261
Total liability	624,267	-	-	624,267
Shareholders' equity, net				
Retained earnings	2,583,120	1,354	17,318	2,601,792
Other equity items of net equity	1,135,267	-	-	1,135,267
Equity attributable to shareholders of the parent	3,718,387	1,354	17,318	3,737,059
Participation of non-controlling shareholders	262,332	1,315	-	263,647
Total shareholders 'equity	3,980,719	2,669	17,318	4,000,706
Total liability and shareholders 'equity	4,604,986	2,669	17,318	4,624,973

The following adjustments were made to the consolidated statements of profit or loss for 2012:

	As reported US$(000)	Implementation of IFRIC 20 in subsidiary US$(000)	Implementation of IFRIC 20 in associates US$(000)	Restated US$(000)
Consolidated statement of profit or loss -				
Operating revenues	1,563,527	-	-	1,563,527
Cost of sales, excluding depreciation and amortization	(629,492)	4,311	-	(625,181)
Other operating costs	(313,728)	-	-	(313,728)
Gross profit	620,307	4,311	-	624,618
Operating expense, net	(202,073)	-	-	(202,073)
Operating profit	418,234	4,311	-	422,545
Equity in income of associates by the equity method	485,064	-	(3,238)	481,826
Other income, net	2,911	-	-	2,911
Profit before income taxes	906,209	4,311	(3,238)	907,282
Income taxes	(142,594)	(1,642)	-	(144,236)
Net profit	763,615	2,669	(3,238)	763,046
Attributable to:				
Shareholders of the parent	705,510	1,354	(3,238)	703,626
Non-controlling interests	58,105	1,315	-	59,420
	763,615	2,669	(3,238)	763,046
Net profit (loss) per basic and diluted share attributable to shareholders of the parent, expressed in U.S. dollars	2.78	0.01	(0.02)	2.77

Impact on the consolidated statements of cash flows

The effect on the consolidated statements of cash flows was an increase in net cash and cash equivalents provided by operating activities of US$25.5 million and an increase in net cash and cash equivalents used in investing activities of US$25.5 million as a higher amount was capitalized to the stripping activity asset during the year.

The net profit for 2011 was restated to reflect the IFRIC 20 adoption by its associate Minera Yanacocha S.R.L., which resulted in a increase of US$14,390,000 with respect to the net profit originally reported in 2011. The Company did not recognize the corresponding effects in its subsidiary El Brocal and its associate Sociedad Minera Cerro Verde S.A.A. because the amounts involved were not material for the profit of such year (net effect of US$45,000).

2.4. Summary of significant accounting policies –

(a) Foreign currency transactions -

The consolidated financial statements are presented in US dollars, which is also the Group's functional currency. For each unit, the Group determines the functional currency and the items included in the financial statements of each entity are measured using that functional currency.

Transactions and balance

Transactions in foreign currency (a currency other than the functional currency) are initially recorded by the Group at the exchange rates prevailing at the dates of the transactions, published by the Superintendence of Banking and Insurance and Pension Fund Administrators (AFP for its acronym in Spanish). Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency using the exchange rates prevailing at the reporting date. Gains or losses from exchange differences arising from the settlement or translation of monetary assets and liabilities are recognized in the consolidated statements of profit or loss.

Non-monetary assets and liabilities recognized in terms of historical cost are translated using the exchange rates prevailing at the dates of the original transactions.

(b) Financial instruments - Initial recognition and subsequent measurement -

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial assets -

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement -

The subsequent measurement of financial assets is classified into four categories:

- Financial assets at fair value through profit or loss.
- Loans and receivables.
- Held-to-maturity investments.
- Available-for-sale financial investments.

Financial assets at fair value through profit or loss -

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through

profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments, as defined by IAS 39.

Financial assets at fair value through profit or loss are carried in the consolidated statements of financial position at fair value with net changes in fair value presented as finance costs (negative changes) or finance revenue (positive changes) in the consolidated statements of profit or loss. The Group classified as financial assets at fair value through profit or loss its mutual funds at variable income (see note 7).

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.

Loans and receivables -
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method, less impairment. The losses arising from impairment are recognized in the consolidated statements of profit or loss.

This category generally applies trade and other receivables, net.

Held-to-maturity investments -
Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group has the positive intention and ability to hold to maturity. The Group did not maintain any held-to-maturity investment as of December 31, 2013 and 2012.

Available-for-sale financial investments -
The available-for-sale financial investments include investments in shares and debt securities. Equity investments classified as available for sale are those which are not classified as held for trading or are designated as at fair value through profit or loss. Debt securities in this category are those that are thought to have for an indefinite period of time and may be sold in response to liquidity requirements or changes in market conditions. The Group does not have these financial assets as of December 31, 2013 and 2012.

Derecognition of financial assets -
A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is primarily derecognized when:

- The rights to receive cash flows from the asset have expired, or

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset or, (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent, it has retained the risk and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group´s continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

(ii) Impairment of financial assets -
The Group assesses at each reporting date, whether there is objective evidence that a financial asset or group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset ("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 is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in economic conditions that correlate with defaults.

For financial assets carried at amortized cost, the Group first assesses whether impairment exists for financial assets that are individually significant, or collectively for financial assets that are individually insignificant.

The amount of any impairment loss in the impairment identified is measured as the difference between the asset's carrying amount and the present value of estimated

future cash flows. The present value is discount using the original effective interest rate of the financial asset.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognized in the statements of profit or loss. Interest income (recorded as revenue in the statements of profit or loss) continues to be accrued on the reduced carrying amount and is accrued using the interest rate used to discount the future cash flows for the purpose of measuring the impairment loss. Loans together with the associated allowance are written off when there is no realistic prospect of a future recovery and all collateral has been realized or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the consolidated statements of profit or loss.

(iii) Financial liabilities –

Initial recognition and measurement -

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, accounts payable and others, financial obligations, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of interest-bearing loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, financial obligations, derivatives financial instruments and embedded derivatives.

Subsequent measurement -

The measurement of financial liabilities depends on their classification as described 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 incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Separated embedded

derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the consolidated statements of profit or loss.

Except for the embedded derivative for concentrate sales, the Group has not designated any financial liability in this category.

Interest-bearing loans and borrowing -
After initial recognition, interest-bearing loans and borrowing are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the consolidated statements of profit and cost when the liabilities are derecognized as well as through the amortization process.

Amortized cost is 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 under the effective interest rate method is included as financial costs in the consolidated statements of profit or loss.

***Derecognition of financial liabilities* -**
A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statements of profit or loss.

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

(c) Cash and cash equivalents -
The cash and cash equivalents caption presented in the consolidated statements of financial position includes all cash balances and time deposits, including term deposits with maturities over three months.

For the purpose of the consolidated statements of cash flows, cash and cash equivalents includes cash, short term deposits and high liquidity investments with maturities of three months or less.

(d) Inventories -

Materials and supplies are valued at the lower of cost or net realizable value.

Cost is determined using the average method. In the case of finished goods and work in progress, cost includes the cost of materials and direct labor and a portion of indirect manufacturing expenses, excluding borrowing costs.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs to make the sale.

Provision (reversal) for losses on the net realizable value are calculated based on a specific analysis conducted annually by the Management and is charged to income in the period in which it determines the need for the provision (reversal).

Classified mineral

The classified ore is placed in tanks to be processed in the medium term until the expansion project of El Brocal's operations is completed and generally contain lower grade ore than the average ore currently treated. In this sense, the classified mineral is available free to continue the recovery process ores 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 could change), and (iii) the discount rate.

(e) 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 Group elects whether it measures the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in the administrative expenses caption.

When the Group 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, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognized in the consolidated statements of profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 Financial Instruments: Classification and Measurement, is measured at fair value, with changes in fair value recognized in either profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests, and any previous interests held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified again all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the date acquisition.

If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit of loss.

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

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed of in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

(f) Investments in associates -

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control over those policies. The Group's investments in associates are accounted for using the equity method. Under this method, the investment in an associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate since the

acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The consolidated statements of profit or loss reflects the Group's share of the results of operations of the associate. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. In addition, when there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes, when applicable, in the consolidated statements of changes in shareholders' equity. Unrealized gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group´s share of profit or loss of an associate is shown on the face of the consolidated statements of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the associates.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group. After the application of the equity method, the Group determines whether it is necessary to recognize an impairment loss of its investment in associates. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognizes the loss in the consolidated statements of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognizes any retained 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 retained investment and proceeds from disposal is recognized in the consolidated statements of profit or loss.

(g) Property, plant and equipment -

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the rehabilitation obligation and, for qualifying assets, borrowing costs. The capitalized value of a finance lease is also included in this caption.

When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates then accordingly. Also, when a major inspection is performed, its cost is

recognized in the carrying amount of plant and equipment as a replacement if the recognition criteria are satisfied. All other maintenance and repair costs are recognized in profit or loss as incurred.

Depreciation -
Unit-of-production method:
Depreciation of assets directly related to the operation of the mine, whose useful life is greater than the life of the mining unit, is calculated using the units-of-production method, which is based on economically recoverable reserves of the mining unit.

Straight-line method:
Depreciation of assets whose useful life is shorter than the life of the mining unit is calculated using the straight-line method of accounting considering the lower of estimated useful life 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

The asset's residual value, useful lives and methods of depreciation are reviewed at each reporting period, and adjusted prospectively, if appropriate.

Disposal of assets -
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 on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statements of profit or loss when the asset is derecognized.

(h) Leases -
The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the date of inception. The arrangement is assessed to determine whether fulfilment is dependent on the use of a specific asset (or assets) and the arrangement conveys a right to use the asset (or assets), even if that right is not explicitly specified in an arrangement.

Finance leases -
Finance leases, which transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Group, are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability to achieve a constant rate of interest on the remaining

balance of the liability. Finance charges are recognized in finance costs in the consolidated statements of profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases -
Operating lease payments are recognized as operating expenses in the statements of profit or loss on a straight-line basis over the lease term.

(i) Mining concessions -
Mining concessions represent ownership of the right of exploration and exploitation to the Group on mining properties contains ore reserves acquired. Mining concessions are stated at cost and are amortized on units of production method, using as the basis of proven and probable reserves. If the Group leaves these concessions, the costs associated are punished in the consolidated statements of profit or loss.

Cost includes the fair value attributable to mineral reserves and the portion of mineral resources considered to be probable of economic extraction at the time of an acquisition.

At the end of each year, the Group evaluates if there is any indicator. If any impairment indicator exists, the Group estimates the asset's recoverable amount.

Mining concessions are presented in the caption of mining concessions, development costs, property, plant and equipment, net.

(j) Exploration and mine development costs –
Exploration expenditure –
Exploration costs are expensed as incurred. These costs primarily include materials and fuels used, surveying costs, drilling costs and payments made to the contractors.

Exploration and evaluation activity includes:

- Researching and analyzing historical exploration data.
- Gathering exploration data through geophysical studies.
- Exploratory drilling and sampling.
- Determining and examining the volume and grade of the resource.
- Surveying transportation and infrastructure requirements.
- Conducting market and finance studies.

Development costs –
When the Group's Management approves the feasibility of the concept study of a project, the costs incurred to develop such property, including additional costs to delineate the ore

body and remove impurities it contains, are capitalized as development costs under the caption mining concessions, development costs and property, plant and equipment, net. These costs are amortized when production begins, on the units-of-production basis over the proven and probable reserves.

The development costs include:

- Metallurgical and engineering studies.
- Drilling and other costs necessary to delineate ore body.
- Removal of the initial clearing related to an ore body.

Development costs necessary to maintain production are expensed as incurred.

(k) Stripping (waste removal) costs -

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

Stripping costs incurred during the production phase (production stripping costs) are generally considered to create two benefits, being either the production of inventory or improved access to the ore to be mined in the future. Where the benefits are realized in the form of inventory produced in the period, the production stripping costs are accounted for as part of the cost of producing those inventories. Where the benefits are realized in the form of improved access to ore to be mined in the future, the costs are recognized as a non-current asset, referred to as a stripping activity asset, if the following criteria are met:

- Future economic benefits are probable.
- The component of the ore body for which access will be improved can be accurately identified.
- The costs associated with the improved access can be reliably measured.

To identify components of deposit, the Group works closely with the operating personnel to analyze the mine plans. Mostly, an ore body can have several components. The mine plans, and therefore, the identification of components, will vary among mines for a number of reasons.

The stripping activity asset is initially measured at cost, which surges from an accumulation of costs directly incurred during the stripping activity. The production stripping cost is presented within Mining concessions, developmentcosts, property, plant and equipment, net. in the consolidated statements of financial position.

The production stripping cost is subsequently depreciated using the units of production method over the expected useful life of the component identified of the ore body that has been made more accessible by the activity. This cost is stated at cost less accumulated depreciation and accumulated impairment losses, if any.

See the impact of the adoption of IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine in note 2.3.

(l) Impairment of non-financial assets -
The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less cost of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses of continuing operations, including impairment of inventories, are recognized in the consolidated statements of profit or loss in expense categories consistent with the function of the impaired asset.

For assets in general, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses may no longer exist or have decreased. If such indication exists, the Group estimates the asset's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor 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 statements of profit or loss.

(m) Share-based payments -
Senior executives of the Group receive remuneration in the form of share appreciation rights, which can only be settled in cash.

The cost of share-based payments program is measured initially at fair value at the grant date using a binomial model. This fair value is expensed over the period until the vesting

date with recognition of a corresponding liability. The liability is re-measured to fair value at each reporting date up to, and including the settlement date, with changes in fair value recognized in its consolidated statements of profit or loss.

(n) Provisions -

General -

Provisions are recognized when the Group 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. If the effect of the time value of money is material, provisions are discounted using a current pre-tax 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 cost.

Provision for closure of mining units -

When the liability is initially recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mining assets (property, plant and equipment). Over time, the discounted liability is increased for the change in present value based on discounted rates that reflects current market assessments and the risks specify to the liability. In addition, the capitalized cost is depreciated and/or amortized based on the useful life of the asset.

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

If the change in estimate results in an increase in the rehabilitation liability and, therefore, an addition to the carrying value of the asset, the Group considers whether this is an indication of impairment of the asset as a whole, and if so, tests for impairment.

For closed mines, changes to estimated costs are recognized immediately in the consolidated statements of profit or loss.

(o) Treasury shares -

Own equity instruments that are reacquired (treasury shares) are recognized at cost and deducted from equity at its nominal amount. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of own equity instruments. Any difference between the carrying amount and the consideration is recognized as additional capital in equity. The voting rights related to treasury shares are cancelled for the Group and no dividends on such shares are allocated.

(p) Revenue recognition -

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding right and taxes. The following specific recognition criteria must also be met before revenue is recognized:

Sales of concentrates and metals -

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

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

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

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

Interest revenue -

For all financial instruments measured at amortized cost, interest income or expense is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in the consolidated statements of profit or loss.

Royalty income -
The royalty income is recognized in accordance with the accrual method considering the substance of the relevant agreements.

Dividends -
Revenue is recognized when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

Revenue from engineering and construction services -
Revenue is recognized based on the stage of completion of contracts for existing services. The stage of completion is measured by reference to costs incurred to date as a percentage of total costs to be incurred by each contract.

(q) Borrowing costs -
Costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as finance part of the cost of an asset. A qualifying asset is one whose value is greater than US$5 million and requires a longer period to 12 months to get ready for its intended use. All other borrowing costs are recognized in the consolidated statements of profit or loss in the period in which they are incurred. Borrowing costs include interest and other costs that the Group incurs in obtaining financing.

(r) Taxes –
Current income tax -
Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid or the tax authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting period in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statements of profit or loss. 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.

Deferred income tax -
Deferred income tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred income tax liabilities are recognized for all taxable temporary differences, except for taxable temporary differences associated with investments in associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized only to the extent that is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting 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 tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax rules that have been enacted or substantively enacted at the reporting date.

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

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Peruvian mining royalties and special mining tax -
Mining royalties and special mining tax are accounted for in accordance with IAS 12 "Income Tax" because 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 taxable income-rather than physical quantities produced or as a percentage of revenue-after adjustment for temporary differences. Legal rules and rates used to calculate the amounts payable are those in effect on the date of the consolidated statements of financial position.

Therefore, obligations arising from Mining Royalties and Special Mining Tax are recognized as income tax. Both, Mining Royalties and Special Mining Tax generated deferred assets and liabilities on the same basis as described above for other forms of taxation.

Sales tax –
Expenses and assets are recognized net of the amount of sales tax, except:

(i) When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable;

(ii) When receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statements of financial position.

(s) Fair value measurement

The Group measures its financial instruments, such as, derivatives, embedded derivatives, mutual funds, at fair value at the date of the consolidated statements of financial position.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described, as follows, based on the lowest-level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest-level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest-level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest-level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's Management determines the policies and procedures for both recurring fair value measurement and non-recurring measurement. At each reporting date, the Group's Management analyzes the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group’s accounting policies.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

(t) Derivative financial instruments and hedging accounting -

Initial recognition and subsequent measurement –

The subsidiary El Brocal uses derivative instruments to manage its exposure to changes in the price of metals. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

At the inception of the hedge relationship, El Brocal formally designates and documents the hedge relationship to which El Brocal wishes to apply hedge accounting, and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedge item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

El Brocal's hedge is classified as cash hedge. The effective portion of gain or loss on the hedging instrument is initially recognized in the consolidated statements of changes in equity, under the caption other equity reserves, while the ineffective portion is recognized immediately in the consolidated statements of profit or loss in the interest expense caption.

3. Significant judgements, estimates and assumptions -

The preparation of the Group's consolidated financial statements requires Management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these estimates and assumptions could result in outcomes that require material adjustment to the carrying amount of assets and liabilities affected in future periods.

The Group has identified the following areas where significant judgments, estimates and assumptions are required. Further information on each of these areas and how they impact the various accounting policies are described below and also in the relevant notes to the consolidated financial statements.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the consolidated financial statements:

(a) Contingencies (note 25) -

By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence and potential quantum of contingencies inherently involves the exercise of significant judgment and the use of estimates regarding the outcome of future events.

(b) Stripping costs (note 2.4(k)) –

The Group incurs waste removal costs (stripping costs) during the development and production phases of its surface mining operations. During the production phase, stripping costs (production stripping costs) can be incurred both in relation to the production of inventory in that period and the creation of improved access and mining flexibility in relation to ore to be mined in the future. The former are included as part of the costs of inventory, while the latter are capitalized as a stripping activity asset, where certain criteria are met. Significant judgement is required to distinguish between development stripping and production stripping and to distinguish between the production stripping that relates to the extraction of inventory and what relates to the creation of a stripping activity asset.

Once the Group has identified its production stripping for each surface mining operation, it identifies the separate components of the ore bodies for each of its mining operations. An identifiable component is a specific volume of the ore body that is made more accessible by the stripping activity. Significant judgment is required to identify and define these components, and also to determine the expected volumes (e.g., in tons) of waste to be stripped and ore to be mined in each of these components.

(c) Development start date -

The Group assesses the status of each exploration project of its mining units to determine when the development phase begins. One of the criteria used to evaluate the development start date is when the Group determines that the property can be economically developed.

(d) Production start date -

The Group assesses the stage of each mine under development to determine when a mine moves into the production phase. The criteria used to assess the start date are determined based on the unique nature of each mining project, such as the complexity of the project and its location. The Group considers various relevant criteria to assess when the production phase is considered to have commenced. Some of the criteria used to identify the production start date include, but are not limited to:

- 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 /construction project moves into the production phase, 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. It is also at this point that depreciation or amortization commences.

(e) Recovery of deferred tax assets - (note 24) -
Judgement is required to determine whether deferred tax assets are recognized in the consolidated statements of financial position. Deferred tax assets, including those arising from unused tax losses, require Management to assess the likelihood that the Group will generate sufficient taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and judgement about the application of existing tax laws. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realize the deferred tax assets recorded at the reporting date could be impacted.

Additionally, future changes in tax law in the jurisdictions in which the Group operates could limit the Group to obtain tax deductions in future periods.

Estimates and assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market change or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) Determination of mineral reserves and resources -
The Group calculates its reserves using methods generally applied by mining and industry according to international guidelines. All estimated reserves represent estimated quantities of mineral proven and probable that under current conditions can be economically and legally processed.

The process of estimating quantities of reserves is complex and requires making subjective decisions when evaluating all geological, geophysical, engineering and economic information available choices. Reviews could occur on reserve estimates due to, among others, revisions to the data or geological assumptions, changes in prices, production costs and results of exploration activities.

Changes in estimated reserves could mainly affect the carrying value of mining concessions, development costs and property, plant and equipment, the charges in result for depreciation and amortization, and the carrying amount of the provision for closure of mining units.

(b) Units of production depreciation (note 2.4(g)) -
Estimated economically recoverable reserves are used in determining the depreciation and/or amortization of mine-specific assets. This results in a depreciation/amortization charge proportional to the depletion of the anticipated remaining life-of-mine production. The life of each item, which is assessed at least annually, has regard to both its physical life limitations and present assessments of economically recoverable reserves of the mine property at which the asset is located. These calculations require the use of estimates and assumptions, including the amount of recoverable reserves.

Changes in estimates are accounted for prospectively.

(c) Mine rehabilitation provision (note 2.4(n) and note 13(b)) -
The Group assesses its mine rehabilitation provision at each reporting date. The ultimate rehabilitation costs are uncertain, and cost estimates can vary in response to many factors, including estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases as compared to the inflation rates, and changes in 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 the future rehabilitation costs required.

(d) Inventories, net (note 9) -
Inventories are classified in short and long term in accordance with the time that management estimates will start the production of the concentrate extracted from the mining unit.

Net realizable value tests are performed at each reporting date and represent the estimated future sales price of the product the entity expects to realize when the product is processed and sold, less estimated costs to complete production and bring the product to sale.

The deposits of low-grade ore mined from the Colquijirca mining unit are measured by estimating the number of tons added and removed, the number of contained metal tons is based on assay data, and the estimated recovery percentage is based on the expected processing method.

(e) Recoverability of assets (note 2.4(l) and note 11(b)) -
The Group assesses each asset or cash generating unit in each reporting period to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs of disposal and value in use. The assessments require the use of estimates and assumptions such as long-term commodity prices, discount rates, operating costs, among others. These estimates and assumptions are subject to risk and uncertainty.

The Group has determined the operations of each mining unit as a single cash generating unit.

(f) Share-based payments (note 2.4(m) and note 13(d)) -
The Group measures the cost of their benefits in shares paid in cash to employees by reference to the fair value of the equity instruments at the grant date. The estimated fair value of share-based payments requires determination of the most appropriate inputs to the valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model, including the expected life of the stock option, volatility and dividend yield and making assumptions about them.

4. Standards issued but not effective -

At the date issued of the consolidated financial statements, there is only one standard that applies to the Group that is issued, but not yet effective:

IFRS 9 Financial Instruments -
This standard is effective for annual periods beginning on or after January 1, 2018. IFRS 9 reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities, as defined in IAS 39. The adoption of the first phase of IFRS 9 may have an effect on the classification and measurement of the Group´s financial assets but it will not have an impact on classification and measurement of the Group´s financial liabilities. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets.

5. 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, 2013, the exchange rates for U.S. dollars published by this Institution were US$0.3579 for buying and US$0.3577 for selling (US$0.3923 for buying and US$0.3920 for selling as of December 31, 2012) and have been applied by the Group for the assets and liabilities accounts, respectively.

As of December 31, 2013 and 2012, the Group had the following assets and liabilities denominated in Nuevos Soles:

	As of December 31, 2013 S/.(000)	As of December 31, 2012 S/.(000)
Asset		
Cash and cash equivalents	74,833	23,744
Trade and other receivables	327,296	1,552
Income tax credit	51,136	52,779
Prepaid expenses	30,159	2,484
	483,424	80,559
Liabilities		
Trade and other payables	(920,022)	(255,225)
Provisions	(116,600)	(40,908)
	(1,036,622)	(296,133)
Liability position, net	(553,198)	(215,574)

6. Cash and cash equivalents

This caption is made up as follows:

	As of December 31, 2013 US$(000)	As of December 31, 2012 US$(000)
Cash	753	1,017
Bank accounts	61,145	67,695
Time deposits	-	118,000
	61,898	186,712

Bank accounts earn interest at floating rates based on market rates.

As of December 31, 2012, time deposits had different maturities (between 5 and 13 days), and earned interest at market rates.

7. Financial assets at fair value through profit or loss

The Group's Management used to keep excess cash in mutual funds at variable income, managed by a financial entity of first level, which were designated as financial assets at fair value through profit or loss.

These funds were made up by a portfolio of commercial papers issued by the Peruvian Government and by reputable financial entities.

As of December 31, 2013, the Group liquidated the total amount of the fund (US$54,509,000 as of December 31, 2012).

During the year 2013, the Group recorded a decrease of US$1,565,000 (increases by US$2,331,000 and US$2,024,000, during the years 2012 and 2011, respectively), to bring the investments at their fair value.

8. Trade and other receivables, net

(a) This caption is made up as follows:

	2013 US$(000)	2012 US$(000)
Trade receivables, net (b)		
Foreign clients	75,487	126,831
Domestic clients	89,275	151,341
Related entities, note 26(b)	9,421	17,650
	174,183	295,822
Allowance for doubtful accounts	(21,741)	(21,741)
	152,442	274,081

	2013 US$(000)	2012 US$(000)
Other receivables		
Value added tax credit	65,196	52,655
Related entities, note 26(b)	15,890	38,261
Application for devolution of sales tax	12,654	4,572
Claims to third parties	11,527	4,613
Advances to suppliers	3,630	13,929
Loans to third parties	2,759	679
Other accounts receivable	16,943	14,193
	128,599	128,902
Total trade and other receivables, net	281,041	402,983
Classification by maturity:		
Current portion	260,434	362,904
Non-current portion	20,607	40,079
Total trade and other receivables, net	281,041	402,983

(b) The ageing analysis of trade receivables is as follows:

			Past due but not impaired	
	Total US$(000)	Neither past due nor impaired US$(000)	From 1 to 120 days US$(000)	More than 120 days US$(000)
2013	152,442	152,095	-	347
2012	274,081	269,234	-	4,847

The allowance for doubtful accounts showed no movement during the years 2013, 2012 and 2011. In the opinion of management of the Group, the allowance for doubtful accounts is enough to cover the risk of default to the date of the consolidated statements of financial position. Accounts receivable past due but not impaired are within normal ranges in the industry, and are related to the provisional billings pending final settlement.

9. Inventory, net

(a) This caption is made up as follows:

	2013 US$(000)	2012 US$(000)
Finished goods	45,617	37,863
Products in process	112,287	120,615
Spare parts and supplies	47,828	42,552
	205,732	201,030
Provision for impairment of value of inventory (b)	(6,647)	(3,244)
	199,085	197,786

	2013 US$(000)	2012 US$(000)
Classification by use:		
Current portion	175,719	157,533
Non-current portion	23,366	40,253
	199,085	197,786

The products in process include mineral located in the deposits surrounding the Tajo Norte mine of the subsidiary El Brocal, which will be processed when the capacity expansion project is finished, see note 11(c). The non-current portion of inventory refers to this mineral.

(b) The provision for impairment of value of inventory had the following movement during the years 2013, 2012, and 2011:

	2013 US$(000)	2012 US$(000)	2011 US$(000)
Beginning balance	3,244	3,053	5,091
Provision for impairment of finished goods	3,403	212	383
Reversal of provision	-	(21)	(2,413)
Write-offs	-	-	(8)
Final balance	6,647	3,244	3,053

In December 2013, the subsidiary El Brocal recognized a provision for impairment of 180,072 DMT of mineral (type I). Based on the technical reviews performed by the management of this subsidiary, this mineral cannot be economically treated and sold.

In the opinion of Group's management, the provision for impairment of value of inventory adequately covers this risk as of the date of the consolidated statements of financial position.

10. Investments in associates

(a) This caption is made up as follows:

	Share in equity			
	As of December 31, 2013	As of December 31, 2012	As of December 31, 2013	As of December 31, 2012
	%	%	US$(000)	US$(000)
Minera Yanacocha S.R.L.	43.65	43.65	1,368,797	1,614,244
Sociedad Minera Cerro Verde S.A.A.	19.584	19.584	904,315	788,170
Compañía Minera Coimolache S.A.	40.095	40.095	43,367	32,365
Canteras del Hallazgo S.A.C.	49.00	49.00	39,231	32,423
Other minor investments			2,700	2,686
			2,358,410	2,469,888

In 2013, Minera Yanacocha S.R.L. (hereinafter "Yanacocha") recorded an impairment charge of its long-lived assets of approximately US$726,985,000, net of tax, which reduced the net equity of Yanacocha and, therefore, the equity of the Group in this associate. This decline resulted from the significant drop in the prices of gold and silver compared to the averages obtained in previous years, lower grades to be obtained from mature deposits, the natural depletion of reserves, and higher costs to be incurred in order to obtain the social license to operate the Conga project.

The most significant contingencies related to these associates are detailed in Note 25(d).

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

	2013	2012	2011
	US$(000)	US$(000)	US$(000)
Minera Yanacocha S.R.L.	(245,447)	285,636	308,132
Sociedad Minera Cerro Verde S.A.A.	116,160	156,003	208,659
Compañía Minera Coimolache S.A.C.	20,804	40,187	9,648
Canteras del Hallazgo S.A.C.	-	-	(29,670)
	(108,483)	481,826	496,769

Investments in Yanacocha -
Yanacocha is engaged in gold production and exploration and development of gold and copper in their own concessions or owned by S.R.M.L. Chaupiloma Dos de Cajamarca, with which signed a contract of use of mineral rights.

During the last several years, Yanacocha is developing the Conga project, which consists in two deposits of gold and porphyry of copper located at northeast of the Yanacocha operating area in the provinces of Celendín, Cajamarca and Hualgayoc (Peru). 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 approved the recommendations made by independent experts. As a result, Yanacocha's management has reprogrammed the development activities, focusing on recommended water sustainability activities. Currently, the development of Conga is contingent upon generating acceptable project returns and getting local community and government support. Should Yanacocha be unable to continue with the current development plan at Conga, Yanacocha may in the future reprioritize and reallocate capital to development alternatives in other sites, which may result in an impairment of the Conga project.

The table below presents key financial data from the financial statements of Minera Yanacocha S.R.L. under U.S. GAAP as of December 31, 2013, 2012 and 2011.

	Yanacocha		
	2013	2012	2011
	US$(000)	US$(000)	US$(000)
Statements of financial position			
Current assets	953,468	995,466	1,127,426
Non-current assets	3,558,496	3,546,069	2,659,808
Current liabilities	222,382	368,367	404,579
Non-current liabilities	578,121	602,478	439,634
Shareholders' equity, reported	3,711,461	3,570,690	2,943,021

	Yanacocha		
	2013	2012	2011
	US$(000)	US$(000)	US$(000)
Statements of profit or loss			
Revenues	1,457,646	2,201,815	2,002,602
Costs and expenses	(1,219,202)	(1,219,432)	(1,097,601)
Other income (expense)	10,144	6,014	30,424
Profit before income tax	248,588	988,397	935,425
Income tax	(107,591)	(361,857)	(293,038)
Net profit	140,997	626,540	642,387

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, 2013, 2012 and 2011, and net income as of December 31, 2013, 2012 and 2011:

	2013 US$(000)	2012 US$(000)	2011 US$(000)
Shareholders´equity under U.S. GAAP	3,711,461	3,570,690	2,943,021
Impairment of property, plant and equipment (i)	(1,038,548)	-	-
Valuation of inventories	1,826	26,740	(26,135)
Asset Retirement Obligation (ii)	71,591	60,901	50,059
Stripping Activity Asset (iii)	62,535	28,674	47,094
Deemed cost of property, plant and equipment	11,377	1,841	2,172
Reversal of deferred workers´ profit sharing	983	18,327	16,979
Deferred income tax for IFRS adjustments (iv)	277,399	(46,243)	(26,639)
Shareholders´equity under IFRS	3,098,624	3,660,930	3,006,551
Group's interest (43.65%)	1,352,549	1,597,996	1,312,360
Goodwill	16,248	16,248	16,248
	1,368,797	1,614,244	1,328,608

	2013 US$(000)	2012 US$(000)	2011 US$(000)
Net profit under U.S. GAAP	140,997	626,540	642,387
Impairment of property, plant and equipment (i)	(1,038,548)	-	-
Valuation of inventories	(38,859)	52,875	(26,135)
Reversal of deferred workers´ profit sharing	(17,344)	1,348	16,979
Stripping Activity Asset (iii)	33,861	(18,420)	47,094
Asset Retirement Obligation (ii)	10,690	10,842	50,059
Deemed cost of property, plant and equipment	9,536	(331)	2,172
Deferred income tax for IFRS adjustments (iv)	323,642	(19,603)	(26,640)
Other minors	13,718	1,128	-
Net profit (loss) under IFRS	(562,307)	654,379	705,916
Group's interest (43.65%)	(245,447)	285,636	308,132

Summary of significant differences between U.S. GAAP followed by Yanacocha and IFRS used by the Group for its consolidated financial statements:

(i) Impairment of property, plant and equipment –
The decline in gold, copper and silver prices was deemed to be indicator of a potential impairment of the long-lived assets of Yanacocha and Conga. Consequently, Yanacocha performed an impairment assessment as of December 31, 2013. The difference between U.S. GAAP and IFRS is originated by the use of discounted future cash flows for IFRS while for U.S. GAAP Yanacocha used undiscounted future cash flows.

(ii) Asset Retirement Obligation (ARO) –
Under IFRS, provisions are adjusted at each statement of financial position to reflect the current best estimate. If the provision was discounted, the provision should increase in each period to reflect the passage of time. The interest rate used to measure that change is a rate that reflects current market assessments of the time value of money and the risks specific to the liability as of each statement of financial position date.

Under U.S. GAAP, changes to an ARO due to the passage of time are measured by applying an interest method of accretion to the amount of the liability at beginning of the period. The interest rate used to measure that change is the credit-adjusted risk free rate that existed when the liability, or portion thereof, was initially measured.

(iii) Stripping Activity Asset -
Under IFRS, the stripping cost of production that is necessary to produce the inventory is recorded as cost of production, while the one that allows access to additional amounts of reserves to be exploited in future periods are capitalized and amortized based on proved and probable reserves of each ore body (component) identified in the open pit. Under U.S. GAAP, the costs of clearing removal (stripping cost of production) incurred during the production stage are recorded as part of the production cost of inventories.

(iv) Deferred income tax for IFRS adjustments –
The various reconciliation items lead to different temporary differences. Yanacocha accounted for such differences according to its tax and accounting policies.

Investment in Sociedad Minera Cerro Verde S.A.A. (Cerro Verde) –
Cerro Verde is involved in extracting, producing and selling of cathodes and copper concentrate from the mining unit located in Arequipa, Peru.

The table below presents the key financial data from the financial statements of Cerro Verde under IFRS:

	2013 US$(000)	2012 US$(000)
Statements of financial position as of December 31:		
Current asset	1,453,386	1,981,371
Non-current asset	3,374,815	2,097,182
Current liability	(427,314)	(272,468)
Non-current liability	(313,403)	(331,863)
Shareholders' equity, reported	4,087,484	3,474,222
Adjustments to conform to the accounting policies of the Group	(20,124)	-
Shareholders' equity, adjusted	4,067,360	3,474,222
Group's interest (19.584%)	796,552	680,407
Goodwill	107,763	107,763
	904,315	788,170

	2013 US$(000)	2012 US$(000)	2011 US$(000)
Statements of profit or loss for the years ended December 31:			
Revenue	1,811,488	2,127,023	2,520,050
Cost of sales	(795,064)	(765,789)	(824,700)
Sales expenses	(68,448)	(78,674)	(83,612)
Costs related to water plant	-	(19,606)	(13,670)
Excess of workers' profit shares	-	-	(21,923)
Other operating income (expenses)	147	(9,898)	(16,865)
Finance costs	(1,843)	(6,951)	(165)
Finance income	2,178	1,886	1,078
Exchange difference	(1,858)	3,149	1,924
Profit before income taxes	946,600	1,251,140	1,562,117
Income tax	(333,338)	(454,556)	(483,718)
Net profit reported	613,262	796,584	1,078,399
Adjustments to conform to the accounting policies of the Group	(20,124)	-	-
Net profit, adjusted	593,138	796,584	1,078,399
Group's interest (19.584% in 2013 and 2012, and 19.349% in 2011)	116,160	156,003	208,659

The fair value of the Group´s interest in Cerro Verde shares amounts to US$1,679,597,000 and US$2,605,089,000 as of December 31, 2013 and 2012.

Investment in Compañía Minera Coimolache S.A. (Coimolache) -
Coimolache is involved in the production and the sales of gold and silver from its open-pit mining unit located in Cajamarca, Peru.

The table below presents the key financial data from the financial statements of Coimolache under IFRS:

	2013 US$(000)	2012 US$(000)
Statements of financial position as of December 31:		
Current asset	74,867	115,424
Non-current asset	128,882	136,003
Current liability	(55,685)	(61,058)
Non-current liability	(13,857)	(78,708)
Shareholders' equity, reported	134,207	111,661
Adjustments to conform to the accounting policies of the Group	(26,047)	(30,939)
Shareholders' equity, adjusted	108,160	80,722
Group's interest (40.095%)	43,367	32,365

	2013 US$(000)	2012 US$(000)	2011 US$(000)
Statements of profit or loss for the years ended December 31:			
Revenue	209,636	262,597	79,176
Costs of sales	(124,325)	(113,866)	(39,445)
Administrative expenses	(1,843)	(2,344)	(1,445)
Sales expenses	(522)	(701)	(180)
Other operational income, net	779	361	24
Finance income	335	353	79
Finance costs	(2,385)	(5,463)	(4,199)
Gain (loss) from exchange difference	(524)	1,305	(917)
Profit before income taxes	81,151	142,242	33,093
Income taxes	(34,156)	(50,995)	(9,282)
Net profit, reported	46,995	91,247	23,811
Adjustments to conform to the accounting policies of the Group	4,892	8,983	252
Net profit, adjusted	51,887	100,230	24,063
Group's interest (40.095%)	20,804	40,187	9,648

Investment in Canteras del Hallazgo S.A.C -
Canteras del Hallazgo S.A.C. is currently developing a mining Project Chucapaca located in the department of Moquegua, Peru. There are evidences of gold, copper and silver in the deposit of Canahuire, which is located in the project's zone.

The table below presents the key financial data from the financial statements of Canteras del Hallazgo S.A.C. under IFRS:

	2013 US$(000)	2012 US$(000)
Statements of financial position as of December 31:		
Current asset	10,832	10,847
Non-current asset	130,940	121,543
Current liability	(2,332)	(6,842)
Shareholders' equity, reported	139,440	125,548
Adjustments to conform to the accounting policies of the Group	(59,377)	(59,377)
Shareholders' equity, adjusted	80,063	66,171
Group's interest (49%)	39,231	32,423

	2013 US$(000)	2012 US$(000)	2011 US$(000)
Statements of profit or loss for the years ended December 31:			
Net income of the period, reported	-	-	-
Adjustments to conform to the accounting policies of the Group	-	-	(60,551)
Net loss, adjusted	-	-	(60,551)
Group's interest (49%)	-	-	(29,670)

11. **Mining concessions, development costs, property, plant and equipment, net**

(a) Below is presented the movement in cost:

	As of January 1, 2012 US$(000)	Additions US$(000)	Retirements US$(000)	Sales US$(000)	Transfers US$(000)	As of December 31, 2012 US$(000)	Additions US$(000)	Retirements US$(000)	Sales US$(000)	Transfers US$(000)	As of December 31, 2013 US$(000)
Cost											
Land	4,061	1,968	-	-	-	6,029	6,044	-	(4)	-	12,069
Mining lands	7,215	-	-	-	-	7,215	-	-	-	-	7,215
Mining concessions	137,309	-	-	-	-	137,309	-	-	-	-	137,309
Development costs	237,515	35,391	-	-	-	272,906	81,603	-	-	-	354,509
Buildings, constructions and other	324,875	8,673	(612)	(12)	172,825	505,749	4,864	(151)	(798)	6,340	516,004
Machinery and equipment	366,715	76,850	(597)	(8,378)	25,331	459,921	93,810	(2,566)	(11,572)	28,285	567,878
Transportation units	11,163	742	(212)	(460)	734	11,967	1,295	(26)	(680)	680	13,236
Furniture and fixtures	10,772	785	-	(82)	781	12,256	720	(26)	(140)	799	13,609
Units in transit	44,326	49,970	(8)	-	(50,616)	43,672	8,292	(1,371)	-	(14,119)	36,474
Work in progress	312,343	268,548	-	-	(149,055)	431,836	297,852	(288)	-	(21,985)	707,415
Stripping activity asset	19,094	25,529	-	-	-	44,623	35,029	-	-	-	79,652
Mine closure costs	34,439	21,779	-	-	-	56,218	38,117	(4,804)	-	-	89,531
	1,509,827	490,235	(1,429)	(8,932)	-	1,989,701	567,626	(9,232)	(13,194)	-	2,534,901
Accumulated depreciation and amortization											
Mining land	2,304	898	-	-	-	3,202	-	-	-	-	3,202
Mining concessions	70,640	3,643	-	-	-	74,283	9,776	-	-	-	84,059
Development costs	160,290	40,727	-	-	-	201,017	30,667	-	-	-	231,684
Buildings, construction and other	171,279	46,130	(610)	(2)	-	216,797	72,151	(151)	(677)	(6,719)	281,401
Machinery and equipment	230,178	55,653	(215)	(4,801)	4	280,819	62,233	(693)	(6,103)	6,719	342,975
Transportation units	7,127	1,228	(122)	(462)	-	7,771	1,312	(26)	(652)	-	8,405
Furniture and fixtures	6,080	1,008	(1)	(28)	(4)	7,055	1,086	(25)	(137)	-	7,979
Stripping activity asset	1,394	891	-	-	-	2,285	854	-	-	-	3,139
Mine closure costs	20,738	3,512	-	-	-	24,250	13,336	-	-	-	37,586
	670,030	153,690	(948)	(5,293)	-	817,479	191,415	(895)	(7,569)	-	1,000,430
Provision for impairment of long-lived assets											
Mining concessions of Antapite	2,805	-	-	-	-	2,805	-	-	-	-	2,805
Property, plant and equipment	2,432	2,303	-	-	-	4,735	-	-	-	-	4,735
Development costs	3,563	1,314	-	-	-	4,877	3,912	-	-	-	8,789
Mine closure costs	-	-	-	-	-	-	1,668	-	-	-	1,668
Work in progress	-	-	-	-	-	-	1,014	-	-	-	1,014
	8,800	3,617	-	-	-	12,417	6,594	-	-	-	19,011
Net cost	830,997					1,159,805					1,515,460

(b) During the years 2013 and 2012, the Group recognized impairment losses of certain assets by US$6,594,000 and US$3,617,000, respectively, as a result of the decrease in the level and quality of reserves of the mining units Poracota, Recuperada, Shila-Paula and Antapite. The recoverable amounts were determined based on their values in use and were calculated at each mining unit. The discount rate used, before taxes, was 6.21 percent. Management believes that there will not be significant changes in the discount rate that may increase the impairment loss.

(c) Work in progress –
The table below presents a detail of the work in progress of the Group:

	Estimated completion period	Estimated investment US$(000)	Investment executed as of December 31, 2013 US$(000)	2012 US$(000)
Empresa de Generación Huanza S.A. (i)				
Hydroelectric Huanza with 90.6 MW capacity	First quarter of 2014	257,000	212,104	174,828
Sociedad Minera El Brocal S.A.A. (ii)				
Operations expansion project to 18,000 DMT/day	First quarter of 2014	432,200	185,106	112,592
Procesadora Industrial Río Seco S.A. (iii)				
Washing plant, sulfuric acid and manganese sulphate	First quarter of 2014	122,669	59,449	40,288
Others			250,756	104,128
Total work in progress			707,415	431,836

(i) This project will permit to provide electricity to the Group's operations, as well as to the Peruvian electricity system. The construction of this hydroelectric plant is being financed with resources from Consorcio Energético de Huancavelica S.A. and with funds from a finance lease, see note 14.

(ii) This project will allow the economic exploitation of mineral processing lower grade lead-zinc extracted from Tajo Norte and copper extracted from Marcapunta Norte. The construction is being financed with own and third-party resources.

(iii) This construction will allow to wash with sulfuric acid the manganese content in the lead-silver concentrate of the Uchucchacua mining unit to try to chemically reduce the degree of manganese and to obtain a concentrate with a higher value added. This

process will also permit to improve the silver recovery and to increase the reserves. The construction is being financed with own resources.

(d) The carrying value of plant and equipment held under finance lease contracts as of December 31, 2013 was US$234,397,000 (US$119,000,000 as of December 31, 2012) and is presented as work in progress. During the year 2013, additions under this modality amounted to US$115,397,000 (US$13,958,000 during the year 2012). Leased assets are pledged as security for the related finance leases liabilities.

(e) The amount of borrowing costs capitalized during the year 2013 was US$11,746,000 (US$4,944,000 in 2012). The average rate used to determine the borrowing costs to be capitalized was 3.5 percent in 2013 (4.0 percent during the year 2012).

12. Trade and other payables

(a) This caption is made up as follows:

	As of December 31, 2013 US$(000)	As of December 31, 2012 US$(000)
Trade payables (b)		
Domestic suppliers	219,730	199,551
Related entities, note 26(b)	1,427	1,621
	221,157	201,172
Other payables		
Remuneration and similar benefits payable	18,797	17,487
Taxes payable	13,742	24,389
Accounts payable to non-controlling interests	11,772	4,694
Royalties payable to the Peruvian State	2,455	7,350
Dividends payable	1,115	1,928
Other liabilities	47,142	11,183
	95,023	67,031
	316,180	268,203
Classification by maturity:		
Current portion	303,951	267,472
Non-current portion	12,229	731
Total trade and other payables	316,180	268,203

(b) Trade payables 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, accrue no interest and are not secured.

13. Provisions

(a) This caption is made up as follows:

	As of December 31, 2013 US$(000)	As of December 31, 2012 US$(000)
Provision for closure of mining units and exploration projects (b)	145,213	99,438
Provision for security contingencies and community obligations	8,577	3,330
Workers' profit sharing payable (c)	7,207	28,427
Provision for labor contingencies	6,020	7,490
Provision for environmental liabilities	3,751	1,932
Stock appreciation rights (d)	1,971	28,258
Board of Directors' participation, note 26(e)	1,459	2,721
Other provisions	1,978	225
	176,176	171,821
Classification by maturity:		
Current portion	69,800	71,780
Non-current portion	106,376	100,041
	176,176	171,821

(b) 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:

	2013 US$(000)	2012 US$(000)
Beginning balance	99,438	81,914
Changes in estimates (property, plant and equipment and development costs)	49,848	24,300
New mine closure plans	16,665	8,897
Accretion expense	6,402	6,812
Disbursements	(27,140)	(22,485)
Final balance	145,213	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 2014 and 2040. These estimates 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, 2013, the future value of the provision for closure of mining units and exploration projects was US$183,756,000, which has been discounted using the annual risk-free rates ranging from 0.79 to 2.65 percent in periods of 1 to 27 years, resulting in an updated liability of US$145,213,000 (US$99,438,000 as of December 31, 2012). The Group believes that this liability is sufficient to meet the current environmental protection laws approved by the Ministry of Energy and Mines.

The Group has constituted letters of credit in favor of the Ministry of Energy and Mines for US$74,486,000 (US$46,608,000 as of December 31, 2012) to secure mine closure plans of its mining units.

(c) Workers' profit sharing -

Legislative Decree N° 892 (L.D. 892), issued in 1996, regulates the right of workers to participate in the profits of companies that obtain taxable income. Under this legislative decree, companies domiciled in Peru have to compute and pay to their employees a share of the profits generated by such companies.

The workers' profit sharing is recorded as a production cost or administrative expense according to the duties or function of the workers.

The workers' profit sharing is paid with a limit of 18 salaries. The excess is retained by the Group and this is paid to Peruvian Government entities (FONDOEMPLEO and regional government). During the year 2013, the excess between the total amounts of workers' profit sharing calculated in accordance to D.L. 892 and the limit to pay to employees amounts to US$704,000 in the year 2013 (US$2,164,000 in the year 2012 and US$6,221,000 in the year 2011), which will be transferred to FONDOEMPLEO or the regional government within the period established by law. Based on the Group's accounting policy, such excess is shown as operating expenses in the consolidated statements of profit or loss.

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

	2013 US$(000)	2012 US$(000)
Beginning balance	28,427	39,157
Provision of current year	6,734	23,284
Payments	(27,954)	(34,014)
Final balance	7,207	28,427

(d) Stock appreciation rights -

Senior executives of the Group are granted share appreciation rights, which can only be settled in cash, if the executive is working for the Group at each program's settlement date. These programs are mainly structured in a 10-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 main assumptions used by the Group to estimate the fair value:

	2013	2012
Historical volatility	47.69%	48.38%
Risk-free interest rate for the remaining period until vesting	0.00%	0.16%
Dividend yield	1.29%	1.25%
Period covered by the program	10 years	10 years
Market value of the shares at closing	US$11.22	US$35.95

The expected life of the options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

The valuation model used by the Group as of December 31, 2013 and 2012 was Turnbull & Wakeman.

The table below presents the movement of the shares subject to the compensation program for the years 2013 and 2012:

	Number of shares	
	2013	2012
Beginning balance	3,969,664	3,593,733
Granted during the year	790,000	790,000
Retired during the year	(70,199)	(82,000)
Expired during the year	(454,686)	(332,069)
Final balance	4,234,779	3,969,664

The payment obligations of shares subject to the compensation program per year are: 573,033 shares in 2014; 698,531 shares in 2015; 655,115 shares in 2016; and 2,308,100 shares in 2017 and thereafter.

The table below presents the movement of the stock appreciation rights for the years 2013 and 2012:

	2013 US$(000)	2012 US$(000)
Beginning balance	28,258	43,188
Valuation (reverse) of the year	(20,207)	1,799
Payments made during the year	(6,080)	(16,729)
Final balance	1,971	28,258
Classification by maturity:		
Current portion	1,593	6,055
Non-current portion	378	22,203
	1,971	28,258

14. Financial obligations

(a) This caption is made up as follows:

	Annual interest rate	Original maturity	2013 US$(000)	2012 US$(000)
Empresa de Generación Huanza S.A.				
Banco de Crédito del Perú – Finance lease (b)	Three-month Libor + 4.00%	2021	119,000	119,000
Sociedad Minera El Brocal S.A.A				
Leaseback (c)	Three-month Libor + 5.00%	2019	115,397	-
Banco de Crédito del Perú – Loan (d)	Three-month Libor + 3.00%	2016	-	60,000
Other minor			-	304
			234,397	179,304
Classification by maturity:				
Current portion			11,370	5,815
Non-current portion			223,027	173,489
			234,397	179,304

(b) On December 2, 2010, Empresa de Generación Huanza S.A. entered into a finance lease contract with Banco de Crédito del Perú, with the following terms and conditions:

- Principal: US$119,000,000.
- Term and annual interest rate: 7 years since the operation of the hydroelectric plant, with a variable rate.
- Guarantee: leased equipments.
- Amortization: Quarterly maturities determined by Banco de Crédito in the final payment schedule at the initial date of operation.

(c) The shareholders' meeting of El Brocal, held on September 25, 2013, approved to enter into a sale and leaseback contract up to US$180,000,000 through the sale of assets by the same amount, consisting on equipment, machinery and production plants in the Colquijirca mining unit. In November 2013, El Brocal received funds by US$116,531,000, with a 5 year period, to be paid in 20 quarterly installments starting March 20, 2014. The remaining balance amounting to US$63,469,000 was received on January 23, 2014.

The financing is secured by a trust agreement on receivables, sales contracts and cash inflows on commercial contracts; and other related to the administration, use, disposal and recognition of the assets specified in the contract.

In connection with the above financing, El Brocal must comply with the following financial ratios:

(i) Debt service coverage ratio: higher than 1.3 from January 1, 2014.
(ii) Leverage ratio: less than 1.0.
(iii) Debt ratio:
  a. Less than 5.0 from the closing date until March 31, 2014;
  b. Less than 4.5 at June 30, 2014;
  c. Less than 4.0 at September 30, 2014;
  d. Less than 3.0 at December 31, 2014;
  e. Less than 2.5 from January 1, 2015 until December 31, 2015 and,
  f. Less than 2.0 from January 1, 2016 and thereafter.

These financial ratios shall be calculated based on the financial statements of El Brocal as of each quarter ending March, June, September and December, starting the year 2014.

The compliance with the above financial ratios described above shall be monitored by El Brocal's management.

(d) On September 28, 2012, El Brocal entered into a mid-term loan contract with Banco de Crédito del Perú by US$120,000,000, which was approved by its Board of Directors on April 23, 2012, with the following terms and conditions:

- Principal: US$120,000,000.
- Term and annual interest rate: 4 years with a variable rate (Three-month Libor plus 3 basic points).
- Guarantee: Pledge over 2 concentrate sales contract, one of copper and another of lead.
- Amortization: Quarterly constant installments and a final payment of 25 percent of the principal.

The first disbursement of US$60,000,000 was received in November 2012. In May 2013, El Brocal received a second disbursement of US$60,000,000.

This loan was fully amortized with the funds obtained from the financing described in the previous paragraph (c); and the funds obtained as a result of the additional capital contributions from the shareholders of El Brocal.

(e) The financial obligations held by the Group mature as follows:

Year	As of December 31, 2013 US$(000)	As of December 31, 2012 US$(000)
2014	-	28,364
2015	39,968	28,250
2016	40,041	28,250
2017	45,955	37,625
2018 and thereafter	97,063	51,000
	223,027	173,489

15. Shareholders' equity, net

(a) Capital stock -

The Group's share capital is stated in Nuevos Soles (S/.) and consists of common shares with voting rights, with a nominal amount of S/.10.00 per share. The table below presents the composition of the capital stock:

	As of December 31, 2013		
	Number of shares	Capital stock S/.(000)	Capital stock US$(000)
Common shares	274,889,924	2,748,899	813,162
Treasury shares	(21,174,734)	(211,747)	(62,665)
	253,715,190	2,537,152	750,497

	As of December 31, 2012		
	Number of shares	Capital stock S/.(000)	Capital stock US$(000)
Common shares	274,889,924	2,748,899	813,162
Treasury shares	(21,160,260)	(211,603)	(62,622)
	253,729,664	2,537,296	750,540

The market value of the common shares amounted to US$10.74 per share as of December 31, 2013 (US$36.06 per share as of December 31, 2012). These shares presented a trading frequency of 95 percent in the year 2013 (97.61 percent in the year 2012).

(b) Investment shares -

Investment shares have a nominal value of S/.10.00 per share. Holders of investment shares are neither entitled to exercise voting rights nor to participate in shareholders' meetings. However, they confer upon the holders thereof the right to participate in the dividends distribution in the same manner as common shares. The table below presents the composition of the investment shares:

	As of December 31, 2013		
	Number of shares	Investment shares S/.(000)	Investment shares US$(000)
Investment shares	744,640	6,827	2,019
Treasury investment shares	(272,963)	(1,652)	(623)
	471,677	5,175	1,396

	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

The market value of the investment shares amounted to US$10.73 per share as of December 31, 2013 (US$29.41 per share as of December 31, 2012). These shares presented a trading frequency of 10.00 percent (7.57 percent as of December 31, 2012).

(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, 2013, 2012 and 2011, the Group 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 2013, 2012 and 2011:

Meetings	Date	Dividends declared and paid US$(000)	Dividend per share US$
2013 Dividends			
Mandatory Annual Shareholders' Meeting	March 26	82,690	0.30
Board of Directors' Meeting	October 30	2,757	0.01
Less – Dividends of treasury shares		(6,568)	
		78,879	
2012 Dividends			
Mandatory Annual Shareholders' Meeting	March 26	110,254	0.40
Board of Directors' Meeting	October 30	55,126	0.20
Less – Dividends of treasury shares		(12,714)	
		152,666	
2011 Dividends			
Mandatory Annual Shareholders' Meeting	March 25	90,959	0.33
Board of Directors' Meeting	October 27	63,396	0.23
Less – Dividends of treasury shares		(11,867)	
		142,488	

(e) Reduction of capital stock in Minera La Zanja S.R.L. (La Zanja) -

The General Partners' Meeting of La Zanja held on January 26, 2012, agreed to reduce the share capital of La Zanja by US$27,000,000, by returning cash contributions. This agreement was registered before the public records on March 30, 2012. The outstanding amount of refund to the non-controlling interest amounted to US$4,694,000 as of December 31, 2013 (US$12,674,000, net of disbursements made of US$7,980,000).

(f) Changes in participation in Colquijirca and El Brocal -

In 2011, the Group increased its interest in Colquijirca from 81.42 percent to 99.99 percent. Also, there were purchase (1.38 percent) and sale (3.09 percent) transactions over of the shares of El Brocal. The result over these transactions was credited to retained earnings in the consolidated statements of changes in equity (US$141,235,000 attributable to shareholders of the parent and US$24,107,000 attributable to non-controlling shareholders).

(g) Basic and diluted profit (loss) per share –

Profit (loss) per share is calculated by dividing net profit for the period by the weighted average number of shares outstanding during the year.

A breakdown of the number of shares outstanding as of December 31, 2013, 2012 and 2011 is shown as well as the number of shares considered in the calculation of basic and diluted earnings per share:

	Shares outstanding at December 31, 2013, 2012 and 2011					Number of shares (denominator in calculating earnings per share considering treasury shares)		
	Common	Investment	Treasury		Total	Common	Investment	Total
			Common	Investment				
Balance at January 1, 2012	274,889,924	744,640	(21,160,260)	(61,976)	254,442,328	253,729,664	682,664	254,442,328
Treasury shares acquired during 2012	-	-	-	(209,757)	(209,757)	-	(209,757)	(209,757)
Balance at December 31, 2012	274,889,924	744,640	(21,160,260)	(271,733)	254,202,571	253,729,664	472,907	254,202,571
Treasury shares acquired during 2013	-	-	(14,474)	(1,230)	(15,704)	(14,474)	(1,230)	(15,704)
Balance at December 31, 2013	274,889,924	744,640	(21,174,734)	(272,963)	254,186,867	253,715,190	471,677	254,186,867

The calculation of earnings per share at December 31, 2013, 2012 and 2011 is as follows:

	2013	2012	2011
Profit (loss) attributable to shareholders of the parent (numerator) - US$	(101,675,000)	703,626,000	887,333,000
Shares (denominator)	254,186,867	254,202,571	254,442,328
Basic and diluted profit (loss) per share – US$	(0.40)	2.77	3.49

16. Subsidiaries with material non-controlling interest

(a) Financial information of subsidiaries that have material non-controlling interest are provided below:

	Country of incorporation and operation	2013 %	2012 %
Proposition of equity interest held by non-controlling interests:			
Name:			
Sociedad Minera El Brocal S.A.A.	Peru	45.93	49.28
S.M.R.L. Chaupiloma Dos de Cajamarca	Peru	40.00	40.00
Minera La Zanja S.R.L.	Peru	46.94	46.94

	2013 US$(000)	2012 US$(000)
Accumulated balances of material non-controlling interest:		
Sociedad Minera El Brocal S.A.A.	190,050	193,672
S.M.R.L. Chaupiloma Dos de Cajamarca	2,228	3,706
Minera La Zanja S.R.L.	85,029	66,269
	277,307	263,647

	2013 US$(000)	2012 US$(000)	2011 US$(000)
Profit (loss) allocated to material non-controlling interest:			
Sociedad Minera El Brocal S.A.A.	(3,541)	16,822	36,172
S.M.R.L. Chaupiloma Dos de Cajamarca	12,302	18,904	17,359
Minera La Zanja S.R.L.	18,760	23,694	48,020
	27,521	59,420	101,551

(b) The summarized financial information of these subsidiaries, before inter-company eliminations, is presented below:

Statements of financial position as of December 31, 2013:

	Sociedad Minera El Brocal S.A.A. US$(000)	**S.M.R.L. Chaupiloma Dos de Cajamarca** US$(000)	**Minera La Zanja S.R.L.** US$(000)
Current assets	111,110	8,864	61,166
Non-current assets	575,826	144	209,745
Current liabilities	(114,214)	(3,439)	(45,878)
Non-current liabilities	(129,090)	-	(43,890)
Total shareholders' equity, net	443,632	5,569	181,143
Attributable to:			
Shareholders of the parent	253,582	3,341	96,114
Non-controlling interests	190,050	2,228	85,029
	443,632	5,569	181,143

Statements of financial position as of December 31, 2012:

	Sociedad Minera El Brocal S.A.A. US$(000)	**S.M.R.L. Chaupiloma Dos de Cajamarca** US$(000)	**Minera La Zanja S.R.L.** US$(000)
Current assets	145,837	15,087	63,264
Non-current assets	417,834	256	147,528
Current liabilities	(85,391)	(6,078)	(50,318)
Non-current liabilities	(92,290)	-	(19,295)
Total shareholders' equity, net	385,990	9,265	141,179
Attributable to:			
Shareholders of the parent	192,318	5,559	74,910
Non-controlling interests	193,672	3,706	66,269
	385,990	9,265	141,179

Statements of profit or loss for the year ended December 31, 2013:

	Sociedad Minera El Brocal S.A.A. US$(000)	S.M.R.L. Chaupiloma Dos de Cajamarca US$(000)	Minera La Zanja S.R.L. US$(000)
Revenues	187,769	44,185	193,298
Cost of sales	(155,613)	(112)	(115,577)
Administrative expenses	(15,620)	(96)	(2,475)
Sales expenses	(8,763)	-	(528)
Exploration in non-operational areas	(5,220)	-	(3,446)
Other operating expense, net	(656)	(3)	(55)
Finance income	136	3	37
Finance costs	(1,912)	(5)	(1,301)
Net loss for exchange difference	(2,827)	(66)	(777)
Profit (loss) before income tax	(2,706)	43,906	69,176
Income tax	(5,003)	(13,151)	(29,211)
Net profit (loss)	(7,709)	30,755	39,965
Attributable to non-controlling interests	(3,541)	12,302	18,760
Dividends paid to non-controlling interests	2,713	10,820	-

Statements of profit or loss for the year ended December 31, 2012:

	Sociedad Minera El Brocal S.A.A. US$(000)	S.M.R.L. Chaupiloma Dos de Cajamarca US$(000)	Minera La Zanja S.R.L. US$(000)
Revenues	268,480	67,178	196,728
Cost of sales	(179,795)	-	(109,431)
Administrative expenses	(19,348)	(87)	(2,109)
Sales expenses	(8,243)	-	(447)
Exploration in non-operational areas	(18,396)	-	(2,477)
Other operating expense, net	(1,091)	(112)	(2,401)
Finance income	249	-	323
Finance costs	(1,667)	(7)	(1,466)
Net gain for exchange difference	576	848	288
Profit before income tax	40,765	67,820	79,008
Income tax	(13,632)	(20,560)	(28,530)
Net profit	27,133	47,260	50,478
Attributable to non-controlling interests	16,822	18,904	23,694
Dividends paid to non-controlling interests	19,266	14,820	10,795

Statements of profit or loss for the year ended December 31, 2011:

	Sociedad Minera El Brocal S.A.A. US$(000)	S.M.R.L. Chaupiloma Dos de Cajamarca US$(000)	Minera La Zanja S.R.L. US$(000)
Revenues	264,419	62,742	224,486
Cost of sales	(116,065)	-	(77,976)
Administrative expenses	(18,056)	(81)	(1,207)
Sales expenses	(3,854)	-	(337)
Exploration in non-operational areas	(11,094)	-	(463)
Other operating expense, net	(6,429)	(103)	55
Finance income	(1,365)	(17)	(1,326)
Finance costs	1,259	-	222
Net gain (loss) for exchange difference	(70)	(167)	635
Profit before income tax	108,745	62,374	144,089
Income tax	(30,817)	(18,976)	(41,788)
Net profit	77,928	43,398	102,301
Attributable to non-controlling interests	36,172	17,359	48,020
Dividends paid to non-controlling interests	20,537	14,280	31,919

Statements of cash flow for the year ended December 31, 2013:

	Sociedad Minera El Brocal S.A.A. US$(000)	S.M.R.L. Chaupiloma Dos de Cajamarca US$(000)	Minera La Zanja S.R.L. US$(000)
Operating activities	83,421	34,864	71,621
Investing activities	(215,758)	7	15,079
Financing activities	121,202	(34,450)	(90,100)
Increase (decrease) in cash and cash equivalents in the period	(11,135)	421	(3,400)

Statements of cash flow for the year ended December 31, 2012:

	Sociedad Minera El Brocal S.A.A. US$(000)	S.M.R.L. Chaupiloma Dos de Cajamarca US$(000)	Minera La Zanja S.R.L. US$(000)
Operating activities	52,252	51,567	62,508
Investing activities	(137,686)	-	(74,828)
Financing activities	28,326	(51,450)	(40,000)
Increase (decrease) in cash and cash equivalents in the period	(57,108)	117	(52,320)

Statements of cash flow for the year ended December 31, 2011:

	Sociedad Minera El Brocal S.A.A. US$(000)	S.M.R.L. Chaupiloma Dos de Cajamarca US$(000)	Minera La Zanja S.R.L. US$(000)
Operating activities	60,907	41,707	131,876
Investing activities	(47,440)	-	(34,032)
Financing activities	(36,335)	(41,650)	(68,000)
Increase (decrease) in cash and cash equivalents in the period	(22,868)	57	29,844

17. Tax situation

(a) Current tax regime -

The Company and its Peruvian subsidiaries are subject to the Peruvian tax regime. As of December 31, 2013, 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.

(b) Years open to tax review -

During the four years following the year of filing the tax return, the tax authorities have the power to review and, as applicable, correct the income tax computed by the Group. The Income Tax and Value Added Tax returns for the following years are open to review by the Tax Authorities:

Entity	Years open to review band Tax Authorities
Compañía de Minas Buenaventura S.A.A.	2009, 2010, 2011 , 2012 and 2013
Bisa Construcción S.A.	2011, 2012 and 2013
Buenaventura Ingenieros S.A.	2009, 2011 , 2012 and 2013
Compañía de Exploraciones, Desarrollo e Inversiones Mineras S.A.C. – CEDIMIN (merged with the Company in May 2013)	2010, 2011, 2012 and 2013
Compañía Minera Condesa S.A.	2009, 2010, 2011 , 2012 and 2013
Compañía Minera Colquirrumi S.A.	2009, 2010, 2011 , 2012 and 2013
Consorcio Energético de Huancavelica S.A.	2009, 2011, 2012 and 2013
Contacto Corredores de Seguros S.A.	2009, 2010, 2011, 2012 and 2013
El Molle Verde S.A.C.	2011, 2012 and 2013
Empresa de Generación Huanza S.A.	2009, 2010, 2011 , 2012 and 2013
Inversiones Colquijirca S.A.	2009, 2010, 2011 , 2012 and 2013
Minera La Zanja S.R.L.	2009, 2010, 2012 and 2013
Sociedad Minera El Brocal S.A.A. (*)	2009, 2010, 2011, 2012 and 2013
S.M.R.L. Chaupiloma Dos de Cajamarca	2010, 2011 , 2012 and 2013
Procesadora Industrial Río Seco S. A.	2010, 2011, 2012 and 2013
Apu Coropuna S.R.L.	2013
Cerro Hablador S. A. C.	2013

(*) Value added tax, from 2010 to 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 will result in increased liabilities for the Group. 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, 2013 and 2012.

The open tax process of the Group and its associates are presented in Note 25.

(c) Tax-loss carryforwards –

Buenaventura -

As of December 31, 2013 and 2012, the tax-loss carryforward determined by Buenaventura amounts to approximately S/.169,525,000 and S/.279,857,000, respectively (equivalent to US$60,631,000 and US$100,092,000, respectively). In November 2010, the Company filed an amended income tax return of 2009 which increased the tax-loss carryforward. As permitted by the Income Tax Law, Buenaventura has chosen a system that permits to offset this loss with an annual cap equivalent to 50 percent of net future taxable income.

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

El Brocal -
As of December 31, 2013, the tax-loss carryforward amounts to S/.11,537,000 (equivalent to US$4,126,000). As permitted by the income tax law, El Brocal has opted to use such loss against the taxable income to obtain during the next four years after the year of generation.

El Brocal has decided to recognize a deferred income tax asset as it is more likely than not that the tax-loss carryforward can be used to offset future taxable income.

(d) Transfer pricing –
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 supported 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 Group's operations. The Group's Management and its legal advisers believe that, as a result of the application of these standards, no material contingencies will arise for the Group as of December 31, 2013 and 2012.

18. Net sales

(a) The Group'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:

	2013 US$(000)	2012 US$(000)	2011 US$(000)
Sales and services by geographic region:			
Metal and concentrates sales			
America	651,186	742,103	710,729
Peru	371,565	556,407	600,147
Europe	70,020	98,085	132,662
Asia	67,979	53,090	8,321
Africa	921	-	-
	1,161,671	1,449,685	1,451,859
Services rendered			
Peru	79,344	46,656	41,225
Asia	241	-	710
America	-	8	82
Europe	-	-	6
	79,585	46,664	42,023
	1,241,256	1,496,349	1,493,882

	2013 US$(000)	2012 US$(000)	2011 US$(000)
Sales by product:			
Gold	637,032	738,477	791,387
Silver	362,805	544,947	526,380
Copper	182,399	177,573	193,215
Zinc	71,187	82,873	72,095
Lead	55,951	52,834	36,880
	1,309,374	1,596,704	1,619,957
Commercial deductions	(141,966)	(147,930)	(127,957)
Adjustment to prior period liquidations	(11,102)	(15,609)	2,429
Adjustment to open provisional liquidations	(1,437)	14,816	(22,679)
Embedded derivatives from sale of concentrate	6,140	1,776	(11,210)
Hedge operations	662	(72)	(8,681)
	1,161,671	1,449,685	1,451,859
Sales of services, power energy and other minor items	79,585	46,664	42,023
	1,241,256	1,496,349	1,493,882

(b) Concentration of sales -

In 2013, the three most significant customers represented 54, 15 and 9 percent of total sales (48, 15 and 8 percent of total sales in 2012). As of December 31, 2013, 48 percent of the accounts receivable is related to these customers (68 percent as of December 31, 2012).

The Group's sales of gold and concentrates are delivered to investment banks and national and international well-known companies. Some of these clients have sales contracts that guarantee supplying them the production from the Group's mines at prices that are based on market quotations.

19. Cost of sales, without considering depreciation and amortization

This caption is made up as follows:

	2013 US$(000)	2012 US$(000)	2011 US$(000)
Beginning balance of finished goods and products in process	158,478	159,801	84,191
Cost of production			
Services provided by third parties	290,950	248,571	173,162
Consumption of materials and supplies	118,068	133,983	101,700
Direct labor	114,927	103,828	103,313
Electricity and water	29,730	29,966	35,083
Rentals	24,250	9,835	24,542
Transport	17,044	16,389	13,445
Insurances	9,091	11,973	9,658
Maintenance and repair	7,617	7,016	5,256
Cost of concentrate purchased	4,552	18,563	16,917
Provision for impairment of finished goods, note 9(b)	3,403	212	383
Other production expenses	33,330	43,522	38,314
Total cost of production	652,962	623,858	521,773
Final balance of products in process and finished goods	(157,904)	(158,478)	(159,801)
Cost of sales, without considering depreciation and amortization	653,536	625,181	446,163

20. Exploration in operating units

This caption is made up as follows:

	2013 US$(000)	2012 US$(000)	2011 US$(000)
Services provided by third parties	116,829	119,571	88,323
Consumption of materials and supplies	22,816	22,258	14,628
Direct labor	14,370	5,779	3,617
Transport	4,388	1,351	910
Rentals	2,348	886	349
Insurance	944	333	142
Maintenance and repair	596	174	104
Other minor expenses	4,852	2,666	1,282
	167,143	153,018	109,355

21. Royalties

This caption is made up as follows:

	2013 US$(000)	2012 US$(000)	2011 US$(000)
Sindicato Minero de Orcopampa S.A., note 25(b)	23,843	34,863	31,882
Royalties paid to the Peruvian State	6,678	2,489	28,222
Minera El Futuro de Ica S.R.L., note 25(b)	102	315	158
	30,623	37,667	60,262

22. Administrative expenses

This caption is made up as follows:

	2013 US$(000)	2012 US$(000)	2011 US$(000)
Personnel expenses	40,133	40,665	38,466
Other administrative expenses	20,932	28,717	18,019
Travel and mobility	7,890	1,846	731
Professional fees	7,109	12,307	12,116
Insurance	5,443	2,901	726
Donations	2,884	2,181	1,878
Consumption of materials and supplies	1,701	1,669	1,162
Rentals	1,635	2,058	2,653
Communications	1,618	989	783
Board of Directors' participation	1,575	2,522	2,591
Other mining taxes	1,532	377	83
Subscription and estimate	802	768	976
Maintenance and repairs	473	457	729
Valuation (reversal) of stock appreciation's rights	(20,207)	1,799	(5,982)
Amortization of other assets	3,956	39	239
	77,476	99,295	75,170

23. Exploration in non-operating areas

This caption is made up as follows:

	2013 US$(000)	2012 US$(000)	2011 US$(000)
Services provided by third parties	17,801	62,321	25,107
Personnel expenses	6,359	8,667	8,514
Consumption of materials and supplies	2,490	7,981	4,918
Rentals	707	3,195	1,685
Transport	162	989	532
Maintenance and repairs	122	275	231
Insurance	60	177	128
Other expenses	5,104	11,886	8,478
	32,805	95,491	49,593

24. **Deferred income tax**

(a) The Group and its subsidiaries recognize the effects of timing differences between the accounting and tax basis. This caption is made up as follows:

	As of January 1, 2012 US$(000)	Credit (debit) to the consolidated statement of profit or loss US$(000)	Credit (debit) to consolidated changes in shareholders' equity US$(000)	As of December 31, 2012 US$(000)	Credit (debit) to the consolidated statement of profit or loss US$(000)	Credit (debit) to consolidated changes in shareholders' equity US$(000)	As of December 31, 2013 US$(000)
Deferred asset for income tax included in results							
Difference in depreciation and amortization rates	28,039	12,172	-	40,211	17,434	-	57,645
Tax – loss carryforward	66,310	(33,522)	-	32,788	(8,513)	-	24,275
Provision for closure of mining units, net	14,906	469	-	15,375	4,709	-	20,084
Effect of translation into U.S. dollars	9,060	7,746	-	16,806	(14,568)	141	2,379
Environmental liability for Mina Santa Barbara	1,494	127	-	1,621	(192)	-	1,429
Stock appreciation rights	13,317	(4,864)	-	8,453	(7,862)	-	591
Other minor	12,093	4,840	-	16,933	(233)	603	17,303
	145,219	(13,032)	-	132,187	(9,225)	744	123,706
Less – Allowance for deferred asset	(3,799)	(1,518)	-	(5,317)	(1,087)	-	(6,404)
	141,420	(14,550)	-	126,870	(10,312)	744	117,302
Deferred asset included in retained earnings							
Hedge derivative financial instruments	489	-	(489)	-	-	328	328
	141,909	(14,550)	(489)	126,870	(10,312)	1,072	117,630
Deferred assets for mining royalties and special mining tax included in results							
Exploration expenses	2,157	1,319	-	3,476	(1,519)	-	1,957
Other minors	1,163	(948)	-	215	(85)	50	180
	3,320	371	-	3,691	(1,604)	50	2,137
Total deferred asset	145,229	(14,179)	(489)	130,561	(11,916)	1,122	119,767
Deferred liability for income tax included in results							
Differences in amortization rates for development costs	(14,885)	1,792	-	(13,093)	(5,267)	(144)	(18,504)
Effect of translation into U.S. dollars	-	-	-	-	(8,076)	-	(8,076)
Deemed cost of property, plant and equipment	(3,379)	1,094	(1,642)	(3,927)	511	-	(3,416)
Unrealized loss on financial instruments	(384)	-	384	-	-	-	-
Estimate of the fair value of the embedded derivative from the sale of concentrates and final adjustments to provisional settlements open	(200)	171	-	(29)	(658)	-	(687)
Other minors	(245)	(1,131)	-	(1,376)	(3,798)	-	(5,174)
	(19,093)	1,926	(1,258)	(18,425)	(17,288)	(144)	(35,857)
Deferred liability for mining royalties and special mining tax							
Deemed cost of property, plant and equipment	(501)	217	-	(284)	81	-	(203)
Other minors	(97)	(108)	54	(151)	(31)	-	(182)
	(598)	109	54	(435)	50	-	(385)
Total deferred liability	(19,691)	2,035	(1,204)	(18,860)	(17,238)	(144)	(36,242)
Deferred income tax asset, net	125,538			111,701			83,525

(b) The table below presents the current and deferred portions of the provisions for income tax shown in the consolidated statements of profit or loss for the years 2013, 2012 and 2011:

	2013 US$(000)	2012 US$(000)	2011 US$(000)
Income tax -			
Current			
Minera La Zanja S.A.	(21,972)	(30,493)	(37,180)
S.M.R.L. Chaupiloma Dos de Cajamarca	(13,151)	(20,560)	(18,976)
Compañía de Minas Buenaventura S.A.A.	(11,838)	(37,343)	(60,091)
Consorcio Energético de Huancavelica S.A.	(325)	(3,029)	(1,404)
Sociedad Minera El Brocal S.A.A.	-	(10,400)	(35,944)
Other	(408)	(4,984)	(4,867)
	(47,694)	(106,809)	(158,462)
Deferred			
Compañía de Minas Buenaventura S.A.A.	(19,528)	(27,890)	(51,544)
Minera La Zanja S.A.	(3,156)	7,463	31
Sociedad Minera El Brocal S.A.A.	(2,657)	815	6,335
Other	(2,904)	6,723	54
	(28,245)	(12,889)	(45,124)
	(75,939)	(119,698)	(203,586)
Mining royalties and Special Mining Tax -			
Current			
Minera La Zanja S.A.	(3,367)	(5,170)	(2,176)
Compañía de Minas Buenaventura S.A.A.	(3,366)	(16,041)	(7,371)
Sociedad Minera El Brocal S.A.A.	(2,388)	(3,765)	(1,211)
	(9,121)	(24,976)	(10,758)
Deferred			
Compañía de Minas Buenaventura S.A.A.	(881)	1,050	1,118
Minera La Zanja S.A.	(716)	(330)	1,634
Sociedad Minera El Brocal S.A.A.	43	(282)	3
	(1,554)	438	2,755
	(10,675)	(24,538)	(8,003)
Total income tax	(86,614)	(144,236)	(211,589)

(c) During the years 2013, 2012 and 2011, the reconciliation of tax expense and the accounting profit multiplied by the Group's tax rate is as follows

	2013 US$(000)	2012 US$(000)	2011 US$(000)
Profit before income tax	12,460	907,282	1,200,473
Share in the results of associates	108,483	(481,826)	(496,769)
	120,943	425,456	703,704
Theoretical profit tax	36,283	127,637	211,111
Permanent items and others:			
Effect of translation into U.S. dollars	22,644	(11,716)	(3,130)
Non-deductible expenses	5,836	4,578	4,856
Effect of exchange difference on tax loss carry-forward	2,337	(3,794)	(5,027)
Mining Royalties and Special Mining Tax	(1,650)	(5,876)	(3,227)
Other permanent items	10,489	8,869	(997)
Income tax expense	75,939	119,698	203,586
Mining Royalties and Special Mining Tax	10,675	24,538	8,003
Total income tax	86,614	144,236	211,589

25. Commitments and contingencies

Commitments

(a) Environmental –

The Group'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, 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 objective 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 Ministry of Energy and Mines (MEM) approved PAMA which were presented by the Group for its mining units and exploration projects. The Group performs revisions to the initial plans presented to MEM, which are then sent for its approval.

The Group considers that the recorded liability (see note 13 (b)) is sufficient to meet the current regulatory environment in Peru.

Yanacocha

On January 17, 2010, Yanacocha signed a Letter of Guarantee of US$85 million with Banco de Crédito del Perú (BCP) in accordance with the Mine Closure Regulation approved by Supreme Decree No.033-2005 of The Ministry of Energy and Mines. This letter of guarantee has a renewal for one more year since January 18, 2012. For the period 2013 the letter has an amount of US$105.9 million and shall have an effective term of one additional year extended to January 18th, 2014. This letter of guarantee has a renewal for one more year since January 18, 2014. For the period 2014 the letter has an amount of US$150.0 million and shall have an effective term of one additional year extended to January 18th, 2015

On January 13, 2012, Yanacocha signed an additional letter of guarantee for US$45 million with BBVA Continental which have extended to January 18th, 2013 in accordance with the Mine Closure Regulations. This letter of guarantee has a renewal for US$71.7 million for the period 2013 and shall have an effective term of one additional year extended to January 18th, 2014. This letter of guarantee has a renewal for one more year since January 18th, 2014. For the period 2014 the letter has an amount of US$100.0 million and shall have an effective term of one additional year extended to January 18th, 2015

On January 18, 2013, Yanacocha signed an additional letter of guarantee for US$30 million with Interbank which have extended to January 18th, 2014, in accordance with the Mine Closure Regulations. This letter of guarantee has a renewal for one more year since January 18, 2014. For the period 2014 the letter has an amount of US$15.3 million and shall have an effective term of one additional year extended to January 18th, 2015

On January 18th, 2014, Yanacocha signed an additional letter of guarantee for US$19.0 million with Scotiabank which have extended to January 18th, 2015, in accordance with the Mine Closure Regulations.

These four letters of guarantee shall come into force if Yanacocha fails to execute in whole or in part the Mine Closure Plan.

(b) Leased concessions -

Sindicato Minero Orcopampa S.A. -

The Group 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 7 percent of the monthly value of the sale of concentrates. The contract will be in force until the year 2015. See note 21.

(c) Finance leases -
The Group has finance leases for several of its assets. These leases have purchase options. The following table shows the future minimum lease payments and the present value of the same is presented:

	2013		2012	
	Minimum payments US$(000)	**Present value of payments** US$(000)	**Minimum payments** US$(000)	**Present value of payments** US$(000)
Within one year	16,284	10,519	191	163
After a year but no more than five years	240,985	223,878	124,239	119,094
Total minimum lease payments	257,269	234,397	124,430	119,257
Less – amounts representing finance charges	(22,872)	-	(5,173)	-
Present value of minimum lease payments	234,397	234,397	119,257	119,257

Contingencies

(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, individually 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. Mercury is a residue of mining gold. After the spill, Yanacocha implemented a comprehensive program of remediation of health and the environment. In August 2000, Yanacocha paid under protest a fine of S/.1.7 million (approximately US$0.5 million) to the Peruvian Government (MEM).

Yanacocha has entered into settlement agreements with people affected by the incident. In addition, it has agreed with three of the communities affected by the incident in the execution of

a series of public works as a compensation for the inconvenience and disruption caused by the incident.

In May 2002, additional lawsuits related to the incident in Choropampa have been filed in two local courts in the city of Cajamarca, Peru, over 900 Peruvian citizens. Yanacocha has made settlement agreements with a significant number of people before the legal claims arise. In April 2008 the Supreme Court ruled the validity of these agreements, which means that all those cases in which the plaintiffs signed prior to their claim settlement agreements will be rejected by the judiciary (about 350 applicants).

Since December 2010 to date, 23 new claims involving 29 plaintiffs were received by Yanacocha. In these claim, plaintiffs are requesting the Judge to (i) declare void the compensation agreement signed with Yanacocha and to (ii) award them with new compensation amounts. Two of these new claims involving two plaintiffs were dismissed as they did not comply with formal requirements. In 19 of these cases, the initial presiding judge admitted a motion to dismiss based on prescription of the actions and dismissing the processes. Plaintiffs appealed this decision, and Superior Court confirmed it in 18 cases. In 8 of these cases, plaintiffs have challenged this decision in front of the Supreme Court, but to date one of them has already been dismissed. In one of the claims, a different presiding judge accepted Yanacocha's motion to dismiss the claim regarding a new award but it has rejected it regarding the compensation agreement, this decision was confirmed by Superior Court, so this claim continues in first instance. Both request (i) and (ii) were prescribed according to the terms in Peruvian legislation, so those claims should be dismissed.

Yanacocha cannot reasonably predict the outcome of any of the claims described above. It is estimated that the maximum additional expense related to these demands will be US$1.5 million as of Decemeber 31, 2013 and 2012.

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 its Jurisdiction. This process is pending resolution.

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.

Conga Project
The Conga Project consists of two gold- copper porphyry deposits located northeast of the Yanacocha operating area in the provinces of celendin, Cajamarca and hualgayoc. The project has proven and probable reserves of 12.6 million ounces (unaudited) of contained gold and 3.3. billion pounds (unaudited) of contained copper at December 31,2013.

Due to local political and community protests, construction and development activities at the Conga project were largely suspended in November 2011. The result of the Peruvian Central Government initiated Environmental Impact Assessment ("EIA") independent review were announced on April 20, 2012 and confirmed the initial EIA met Peruvian and International Standars. The review made recommendations to provide additional water capacity and social funds, which Yanacocha has largely accepted. Yanacocha announce the decision to move the project forward on a "water-first" approach on June 22, 2012. During 2013, the project focused on building water reservoirs, completing the last engineering activities, and accepting delivery of the main equipment purchases.

If Yanacocha is unable to continue with the current development at conga, we may reprioritize and reallocate capital to other development alternatives. If the project proceeds, average annual estimated gold production of approximately 580 to 680 thousand ounces of gold per year and production of 155 to 235 million pounds per year are expected during the first five years of production. As of December 31, 2013, Yanacocha reported 12.6 million ounces of gold reserves and 3.3.billion pounds of copper reserves.

In the second quarter of 2011, Presidential and Congressional elections resulted in a change in government in Peru. The new administration supported mining as a driver for continued growth and future development of Peru. However, we are unable to predict whether the Central government will continue to take similar positions in the future. The regional government

actively opposed the Conga project in 2012 and continues to reject the viability of its development. We are unable to predict the positions that will be taken in the future and whether such positions or changes in law will affect Yanacocha or Conga. Such changes may include increased labor regulations, environmental and other regulatory requirements, and additional taxes and royalties, as well as future protests, community demands and road blockages. For example, during the third quarter of 2011, the new government enacted four new tax laws. T Yanacocha cannot predict future positions of either the central or regional government of foreign investment, mining concessions, land tenure or other regulation. Any change in government positions or laws on these issues could adversely affect the assets and operations of Yanacocha or Conga, which could have a material adverse effect on our results of operations and financial position. Additionally, any inability to continue to develop the Conga project or operate at Yanacocha could have an adverse impact on our growth if we are not able to replace its expected production. To help insure the viability of Yanacocha's mining activities, Yanacocha has an active community relations program focused on Cajamarca water projects, education and health. In addition, Conga is building reservoirs under its "water-first" approach in effort the gain social acceptance.

(e) Open tax procedures –

Buenaventura -

In 2007, Buenaventura was audited by the tax authorities for income tax of 2005. As a result, the tax authority did not recognize certain deductions declared for S/.119,785,000 (equivalent to US$43,042,000). The main objection consisted in considering as taxable income the reversal of the provision related to commercial contracts, which originally was not deducted to calculate the Income Tax. In July 2013, the Tax Court resolved the assessment made by the Tax Administration, concluding the case through a payment of approximately US$705,000.

During 2012 and 2013 the tax authorities audited the income tax of 2007. As a result, they did not recognize Buenaventura declared deductions by S/.1,076,071,000 (equivalent to US$384,861,000). The main unrecognized deduction by Buenaventura is the payment made for the removal of the price component of its commercial contracts of gold. In the opinion of Management and its legal counsel, the objections are unfounded so Buenaventura should get a favorable result in the initiated claim process.

Also, in March 2013, the Tax Administration has initiated the audit of the 2008 income tax and the value added tax for the period January to December 2008.

Subsidiaries –

CEDIMIN

The income tax of Cedimin of 2002 was audited by the tax authorities. As a result, they do not recognize to Cedimin the declared tax loss carryforward. The main controversy consists on making deductible the loss on the sale of shares in Minera Huallanca S.A.C. and Minera Yanaquihua S.A. for S/.22,041,000 (US$7,883,000). In Management's and its legal counsel's opinion, that interpretation has no support so Cedimin should get a favorable outcome in the appeal initiated against the tax authorities.

El Brocal
At the date of this report, the Tax Administration is reviewing the Income Tax return of 2011.

Associates -
Cerro Verde
On June 23, 2004, Law No.28258 - Mining Royalty Law was approved, and requires the holder of a mining concession to pay a royalty in return for the exploitation of metallic and non-metallic minerals, which is calculated using rates from one to three percent of the value of concentrate or its equivalent according to the international price of the commodity published by the Ministry of Energy and Mines.

Based on the 1998 stability agreement described above in letter (a), the payment of the mining royalties was not applicable to Cerro Verde since this contribution was created after Cerro Verde signed the stability contract with the Peruvian Government.

The Peruvian tax authority (SUNAT) has assessed mining royalties on materials processed by Cerro Verde's concentrator, which commenced operations in late 2006. Such assessments cover the period from October 2006 to December 2007, as well as years 2008 and 2009. SUNAT has issued resolutions rejecting the claims of Cerro Verde. Cerro Verde has appealed such decisions before the Tax Court. On July 23, 2013, SUNAT notified the final decision of the Tax Court confirming the assessments for the periods October to December 2006, and for the years 2007 and 2008. By means of the decision of the Tax Court, the administrative stage for the appeal of these proceedings ends.

In September 2013, Cerro Verde filed judiciary appeals to Judiciary Court (Civil Court of the Superior Court of Arequipa) suing SUNAT, the Ministry of Energy and Mines and Tax Court for requiring Cerro Verde to pay mining royalties during the term of the stability agreement in force until 31 December 2013. Cerro Verde believes that the Stability Agreement entered into with the Peruvian government in 1998 (which was in force from January 1, 1999, to December 31, 2013) guarantees that all minerals extracted from their production unit are included in the stabilized tax and administrative regime, which does not include the obligation to pay the Mining Royalty.

On October 1, 2013, SUNAT issued a payment order by 492 million of Nuevos Soles (US$176 million based on current exchange rates, including interest and penalties of US$104 million). As permitted by law, Cerro Verde requested and as has been granted an installment payment program that defers payment for six months and thereafter satisfies the amount via 66 equal monthly payments. In July 2013, a claim on SUNAT's assessment for 2009 was rejected, but no final decision has been issued by the Tax Court for that year.

In Cerro Verde Management's and legal advisors' opinion, Cerro Verde has sound legal grounds; consequently, it believes any payments will be recoverable.

26. Transactions with associates companies

(a) The Group has carried out the following transactions with its associates in the years 2013, 2012 and 2011:

	2013 US$(000)	2012 US$(000)	2011 US$(000)
Royalties collected to Minera Yanacocha S.R.L.:			
S.M.R.L. Chaupiloma Dos de Cajamarca	44,185	67,178	62,742
Services provided to Minera Yanacocha S.R.L. by:			
Buenaventura Ingenieros S.A (Implementation of specific work orders)	699	4,440	11,579
Consorcio Energético de Huancavelica S.A. (electric power transmission)	915	1,681	4,279
Dividends received by:			
Compañía Minera Coimolache S.A.	9,803	16,467	-
Loan to:			
Compañía Minera Coimolache S.A.	-	-	24,232
Contributions and investments made to:			
Canteras del Hallazgo S.A.C.	6,988	26,410	32,208
Sociedad Minera Cerro Verde S.A.A.	-	30,727	11,095
Focus Ventures LTD	-	1,457	-
Compañía Minera Coimolache S.A.	-	-	5,221
Timmins Gold Corporation	-	-	3,658
	6,988	58,594	52,182

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

	2013 US$(000)	2012 US$(000)
Trade receivables -		
Minera Yanacocha S.R.L.	9,220	16,513
Compañía Minera Coimolache S.A.	201	905
Consolidada de Hualgayoc	-	230
Other	-	2
	9,421	17,650
Other receivables		
Compañía Minera Coimolache S.A. (c)	15,890	38,261
Total trade and other receivables	25,311	55,911
Classification by maturity:		
Current portion	23,068	22,534
Non-current portion	2,243	33,377
Total trade and other receivables	25,311	55,911
Trade payables		
Minera Yanacocha S.R.L.	783	603
Compañía Minera Coimolache S.A.	614	1,018
Canteras del Hallazgo S.A.C.	30	-
Total trade and other payables	1,427	1,621
Classification by maturity:		
Current portion	970	890
Non-current portion	457	731
Total trade and other payables	1,427	1,621

(c) 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' equity and 70 percent loans from shareholders. As of December 31, 2013, the existing loan of US$15,890,000 earns interest at a LIBOR interest rate to 6 months plus 3 percent.

(d) As of December 31, 2013 and 2012, directors, officers and employees of the Group have been involved, directly and indirectly, in financial transactions with certain subsidiaries. As of December 31, 2013 and 2012, loans to employees, directors and key personnel amounts to US$443,000 and US$1,474,000, respectively, are paid monthly and earn interest at market rates.

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

(e) The Group's key executives' compensation (including the related income taxes assumed by the Group) as of December 31, 2013 and 2012 are presented below:

	2013 US$(000)	2012 US$(000)
Accounts payable:		
Share-based compensation plants, note 13(d)	1,971	28,258
Directors' compensations, note 13(a)	1,459	2,721
Salaries	1,239	1,362
Total	4,669	32,341
Disbursements:		
Share-based compensation plants, note 13(d)	6,080	16,729
Salaries	8,089	10,824
Total	14,169	27,553

Terms and conditions of transactions with related parties

Purchase transactions and services with related parties are made at market prices. Outstanding balances at year end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended December 31, 2013 and 2012, the Group has not recorded any impairment of receivables related to owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which it operates.

27. Disclosure of information on segments

IFRS 8 – "Operating Segments" requires that companies 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 Group's only reportable segment that meets the threshold for reporting is mining. These activities are executed through sixteen companies. The Group's Management considers that these companies could be combined in one segment (mining) considering the financial performance and similar characteristics 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; for this reason, management considers the mining segment as the only reportable segment.

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

28. **Derivative financial instruments**

(a) The volatility of copper during this year has caused the management of the subsidiary El Brocal to enter into future contracts. These contracts, which have been negotiated since August 8, 2013, are intended to reduce the volatility of the cash flows attributable to the fluctuations in the cooper price, according to the risk strategy approved by the Board of Directors of this subsidiary.

The contracts seek to eliminate the volatility of the copper price from September 2013 to December 2014, according to the existing sales commitments of cooper concentrate, which are related to 25 percent of the annual production of such metal (50 percent from 2014).

As of December 31, 2013, the fair value of futures contracts amounted to a liability of US$1,093,000. The debit, net of the deferred income tax, amounted to a negative balance of US$715,000 and is presented as other reserves of equity in the consolidated statements of changes in equity (net liabilities of US$844,000 and net assets of US$17,076,000 for the years ended December 31, 2012 and 2011, respectively).

(b) Embedded derivative for the change in prices in the interim trade settlements -
The Group's sales of concentrates are based on commercial contracts, under which a provisional sales value is determined based on future quotations (forward). The adjustment to sales is considered an embedded derivative, which is required to be separated from the host contract. Commercial contracts are linked to market prices (London Metal Exchange) at the dates of the expected settlements of the open positions as of December 31, 2013 and 2012. The embedded derivative does not qualify for hedge accounting; therefore, changes in the fair value are recorded as an adjustment to net sales.

Embedded derivatives held by Buenaventura and El Brocal as of December 31, 2013 are:

			Quotations		
Metal	**Quantity**	**Maturity 2014**	**Provisional** US$	**Future** US$	**Fair value, net** US$(000)
Gold	27,897 OZ	January	1,211.03 - 1,231.75	1,276.16	861
Silver	2,223.443 OZ	January - September	19.40 - 22.61	20.23 - 22.56	(354)
Gold	10 DMT	January	1,227.00 - 1,345.99	1,240.50	(1)
Copper	26,651 DMT	January - July	7,051 - 7,229	7,229.00 - 7,371.00	1,075
Zinc	1,351 DMT	March - April	1,905.30 - 1,968.34	2,037.00 - 2,040.63	125
Lead	2,561 OZ	January - September	2,053.65 - 2,135.33	2,088.40 - 2,178.32	151
Total asset, net					1,857

Metal	Quantity	Maturity 2013	Quotations Provisional US$	Quotations Future US$	Fair value, net US$(000)
Sale of concentrates					
Gold	37,454 Oz	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)

29. Financial – risk management objectives and policies

The Group’s principal financial liabilities, other than derivatives, comprise of trade accounts and other payables, and financial obligations. The main purpose of these financial instruments is to finance the Group’s operations. The Group’s principal financial assets include cash and cash equivalents and trade and other receivables that derive directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group’s management oversees the management of these risks. It is supported by a committee that advises on financial risks. This committee provides assurance to management that the Group's financial risk 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 purpose are carried out by internal specialists that have the appropriate skills, experience and supervision.

There were no changes in the objectives, policies or processes during the years ended December 31, 2013, 2012 and 2011.

The Board of Directors reviews and agrees policies for managing 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 will fluctuate because of changes in market prices. Market risks that apply to the Group comprise three types of risk: exchange rate risk, commodity risk and interest rate risk. Financial instruments affected by market risks include time deposits, financial obligations, embedded derivatives and derivative financial instruments.

The sensitivity analysis in this section relate to the positions as of December 31, 2013, 2012 and 2011, and have been prepared considering that the proportion of financial instruments in foreign currency are constant.

(a.1) Exchange rate risk

The exchange rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange relates primarily to the Group´s operating activities in Nuevos Soles. The Group mitigates the effect of exposure to exchange-rate risk by carrying out almost all of its transactions in its functional currency. Management has smaller amounts in Nuevos Soles in order to cover its needs (taxes and compensation) in this 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 loss before income tax** US$(000)
2013		
Exchange rate	+10%	20,989
Exchange rate	-10%	(25,225)
2012		
Exchange rate	+10%	8,854
Exchange rate	-10%	(10,563)
2011		
Exchange rate	+10%	8,638
Exchange rate	-10%	(10,333)

(a.2) Comodity price risk

The Group is affected by the price volatility of the commodities. The price of mineral sold by the Group has fluctuated historically and is affected by numerous factors beyond its control. The Group manages its commodity price risk primarily through the use of sales commitments in customer contracts and hedge contracts for the metals sold by the subsidiary El Brocal.

The subsidiary El Brocal entered into derivative contracts that qualified as cash flow hedges, with the intention of covering the risk resulting from the fall in the prices of the metals. These derivative contracts are recorded as assets or liabilities in the statements of financial position and are stated at fair value. To the extent that these hedges were effective in offsetting 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 the appropriate sales when production was sold.

(a.3) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes' in market interest rates relates to the Groups´s long-term financial obligations with floating interest rates.

A table showing the effect in profit or loss of the variations of interest rates:

	Increase / decrease of Libor rate (percentage rates)	**Effect on results** US$(000)
2013		
Interest rates	+10.0	58
Interest rates	-10.0	(58)
2012		
Interest rates	+10.0	57
Interest rates	-10.0	(57)
2011		
Interest rates	+10.0	1
Interest rates	-10.0	(1)

(b) Credit risk-

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivable) and from its financing activities, including deposits with banks and other financial instruments.

The Group invests the excess cash in financial leading institutions, sets conservative credit policies and constantly evaluates the market conditions in which it operates.

Trade accounts receivable are denominated in U.S. dollars. The Group's sales are made to domestic and foreign customers. See concentration of spot sales in note 18(b). An impairment analysis is performed on an individual basis.

Credit risk is limited to the carrying amount of the financial assets to the date of consolidated statements of financial position which is composed by cash and cash equivalents, trade and other receivables and derivative financial instruments.

(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 Group maintains suitable levels of cash and cash equivalents and has sufficient credit capacity to get access to lines of credit in leading financial entities.

The Group continually monitors its liquidity risk based on cash flow projections.

An analysis of the Group's financial liabilities classified according to their aging is presented below, based on undiscounted contractual payments:

	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, 2013					
Trade and other payables	299,983	-	-	-	299,983
Financial obligation (principal and interest)	16,284	45,968	141,844	53,173	257,269
Total	316,267	45,968	141,844	53,173	557,252
As of December 31, 2012					
Trade and other payables	263,464	-	-	-	263,464
Financial obligation (principal and interest)	60,495	17,844	53,196	53,199	184,734
	323,959	17,844	53,196	53,199	448,198

(d) Capital management -

For purposes of the Group's capital management, capital is based on all equity accounts. The objective of capital management is to maximize shareholder value.

The Group manages its capital structure and makes adjustments to meet the changing economic market conditions. The Group's policy is to fund all projects of short and long term with their own operating resources. To maintain or adjust the capital structure, the Group may change the policy of paying dividends to shareholders, return capital to shareholders or issue new shares.

30. Fair value measurement

Quantitative disclosure fair value measurement hierarchy for assets and liabilities:

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities:

		Fair value measurement using		
As of December 31, 2013	Total US$(000)	Quoted prices in active markets (Level 1) US$(000)	Significant observable inputs (Level 2) US$(000)	Significant non-observable inputs (Level 3) US$(000)
Assets measured at fair value:				
Derivative financial assets				
- Embedded derivatives for concentrates sales, net	1,856	-	1,856	-
Liabilities measured at fair value:				
Derivative financial liabilities				
- Hedge derivative financial instruments	1,093	-	1,093	-
As of December 31, 2012				
Assets measured at fair value:				
Derivative financial assets:	54,509	54,509	-	-
Liabilities measured at fair value:				
Derivative financial liabilities:				
- Embedded derivative financial instruments, net	4,939	-	4,939	-

Financial instruments whose fair value is similar to their book value –

For financial assets and liabilities such as cash and cash equivalents, trade and other receivables, trade and other payables that are liquid or have short-term maturities (less than three months), it is estimated that their book value is similar to their fair value. The derivatives are also recorded at the fair value so that differences do not need to be reported.

The fair value of embedded derivatives is determined using valuation techniques with information directly observable in the market (future metal quotations).

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 important existing difference between the value in books and the reasonable value of the assets and financial liabilities as of December 31, 2013 and 2012.

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