



**B**UENAVENTURA


**2017  
ANNUAL  
REPORT**

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# LETTER TO THE SHAREHOLDERS

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## To our shareholders:

2017 turned out to be a good year despite the surprising political events seen both around the world and in Peru.

The businessman Donald Trump took office as president of the United States on January 20, 2017, with a platform focused on bolstering border security, expanding tax reform, and creating jobs.

In his first year in office, President Trump has taken actions to limit immigration, mainly from Muslim countries, and to foster private investment through deregulation and lower taxes for the corporate sector. His administration has declared this latter measure the most important tax reform of the last thirty years.

On the international front, tensions between the United States and North Korea over Kim Jong-un's nuclear program have increased the possibility of conflict in Asia.

In Latin America, the "Operation Car Wash" corruption case, which came to light in 2013, tarnished politicians and Brazilian construction companies, with Odebrecht first and foremost among them. During 2017, this case caused repercussions in a number of countries in the region, including Ecuador, Colombia, Argentina, Panama, the Dominican Republic, and Peru.

In Europe, the region of Catalonia (which accounts for 19% of Spain's GDP) held a referendum on seceding from Spain. Spain's president, Mariano Rajoy, declared the referendum illegal and called new elections for Catalan authorities. Carles Puigdemont, the leader

of the independence movement and possible future Catalan president, remains in self-exile in Belgium.

And then there were the many natural disasters that caused immense damages, such as the earthquake in Mexico, the mudslides and landslides in Peru and Colombia, and Hurricane Irma, which took lives and wrought havoc throughout the Caribbean. Special note should be made of the disasters caused by the Coastal



EI Niño effect, which mainly affected northern Peru.

During 2017, the political environment in Peru was shaken by Operation Car Wash. Odebrecht admitted to U.S. authorities that it had paid bribes to government officials, authorities, and politicians in Peru in exchange for being awarded contracts for major infrastructure works. As a result,

officials from various past administrations are now under investigation by the Congress of the Republic and Peruvian judicial authorities.

Against this backdrop, the President of the Republic, Pedro Pablo Kuczynski, was forced to respond to a motion for impeachment in Congress brought by the opposition parties, led by Fuerza Popular.



(From L to R): German Suarez, Diego de la Torre, Felipe Ortiz de Zavallos, William Champion, Roque Benavides, Nicole Bernexy, Jose Miguel Morales.



## LETTER TO THE SHAREHOLDERS

They were unable to cobble together the necessary votes required under the Constitution, however, and the motion for impeachment was denied.

Another big news story this year was the pardon, on humanitarian grounds, of ex-president Alberto Fujimori, who had been serving time in prison since 2009. This decision led to a great deal of controversy, even within the pro-Fujimori party.

In economic terms, the International Monetary Fund (IMF) estimates a growth of 3.7% in the world GDP in 2017, the highest rate since 2011. This recovery is expected for both developed and developing countries.

The U.S. economy showed a slight improvement. In the third quarter of 2017, the GDP growth (2.3%) exceeded expectations in the market and exhibited favorable behavior in most spending components.

In the Eurozone, the victories of Emmanuel Macron (France) and Angela Merkel (Germany) ensured the economic bloc's continued unity. During the first half of the year, the European economy exceeded expectations, with economic growth benefiting the majority of its member countries.

Japan registered a GDP growth rate of 2.1% in the third quarter of 2017, which was higher than those observed in the previous two quarters (1.6% and 1.5%, respectively). In China, meanwhile, the economy grew by 6.8% in the third quarter, at a rate slightly below that registered in the first two quarters of the year (6.9% in both quarters), but higher than expected.

**The International Monetary Fund estimates the growth of the world's economy at**

**3.7%**  
in 2017

**Our country maintained its macroeconomic soundness and grew by**

**2.5%**

**at a higher rate than its peers in the Pacific Alliance**



Due to an improved international climate, Latin America was able to transition out of its recession, led by the recovery of the Argentinian and Brazilian economies.

Nevertheless, the Chilean economy remained stagnant for the first half of 2017 due to the halting of work at the Escondida copper mine, which suffered the longest (43 days) and largest strike (2,500 workers) in the history of the Chilean mining sector.

Metal prices exhibited a stronger performance during the year, with gold closing at US\$1,302.80 per ounce, while silver ended the year at US\$16.94 per ounce and copper closed at US\$7,207.00 per ton, its highest level in the last three years. Meanwhile, zinc closed at US\$3,337.50 per ton, its highest peak in the last decade. Lead hit US\$2,484.75 per ton, and tin closed at US\$19,756.00 per ton. This will encourage mining investments and help reactivate halted projects.

In Peru, the economy was affected by four variables: the Coastal El Niño effect in the summer; the drop in public spending during the first half of the year; the Operation Car Wash corruption scandal; and political conflicts between the executive and legislative branches.

Due to the improved international scenario, however, Peru was able to continue growing. This external boost, together with the reactivation of public spending starting in the third quarter, helped drive the sectors most hurt by the slowdown, such as mining, construction, and non-primary industry.

Despite difficulties, our country maintained its macroeconomic soundness and grew by 2.5%, a higher

rate than its peers in the Pacific Alliance. Because of this, Fitch, Moody's, and S&P did not change Peru's rating or debt outlook, and the country's risk indicator continued falling until hitting its lowest levels in the last ten years.

The upward trend in metal prices led to increased acquisitions of shares in Peruvian companies, causing the General Index of the Lima Stock Exchange (BVL), to rise by 28%. In fact, the BVL was among the emerging economies that received the greatest influx of foreign investments.

The price of Buenaventura's shares rose by 24.8% during the year, closing out at US\$14.08. This was largely thanks to higher metal prices and the increase in production due to the entry into operation of Tambomayo. While the expansive policy continues to be drawn back as the U.S. economy gains its footing, geopolitical risks remained present, which helped the price of gold. During the second half of the year, industrial metal prices experienced a sharp jump due to the synchronized progress of the world's economies and the stronger growth outlook in China.

During 2017, the Company registered a net profit of US\$64.4 million, compared to a net loss of US\$327.8 million in fiscal year 2016, due mainly to the effect of Yanacocha's losses. As a result of the decisions made in 2016 in an effort to improve Buenaventura's debt position, the ratio of net debt to EBITDA fell from 1.74x to 1.38x.

The higher influx of dollars led the sol to appreciate against the U.S. currency (up 3.5% from December 2016). In this context, the Banco Central de Reserva

## LETTER TO SHAREHOLDERS

(BCRP) bought up a net of US\$ 5.246 billion, while Peru's net international reserves totaled US\$ 63.621 million.

The World Bank's Doing Business ranking places Peru in 58<sup>th</sup> place out of 190 countries, and third in Latin America, behind Mexico (49) and Chile (55), moving Colombia (59) to fourth place.

We must not forget that mining is a "price-taker" activity. As such, our efforts must remain focused on reducing costs and increasing efficiency in our operating procedures in order to make the most of our natural resources.

For Buenaventura, 2017 was a good year. Our mining units hit their production goals, and our projects continue to make progress.

The safety of our collaborators also continues to be a critical goal. Our objective is to reinforce our safety culture to help improve results and achieve our goal of "zero accidents."

We are pleased to report that in August of 2017, our Tambomayo Unit, located in the Province of Caylloma, in Arequipa, satisfactorily completed the "ramp up" process, operating stably at its full capacity of 1,500 tons per day (TPD). This achievement is proof of our team's abilities and dedication to reaching the goals set for them.

As of the close of 2017, Tambomayo had produced 64,175 ounces of gold and 1,788,219 ounces of silver. Over the course of a full year, the mine is expected to produce between 110 and 130 thousand ounces of gold, and 3 to 3.5 million ounces of silver.

The Orcopampa Unit, located in Castilla, Arequipa, produced 190,976 ounces of gold, compared to 191,102 ounces the previous year. Meanwhile, explorations in the Pucará area have had positive results. This will enable us to increase the mine's useful life, maintaining current production levels. Additionally, a program is being implemented to resolve certain bottlenecks with regard to ventilation and hoisting, with the goal of improving operating conditions, and of course, reducing costs.

Our open-pit units in Cajamarca also exhibited a strong performance. La Zanja produced 127,118 ounces of gold, while according to estimates, Coimolache had produced 151,454 ounces of gold as of the close of 2017.

It should be noted that we have decided to modify the production plan for La Zanja to extend its useful life until 2019. This will allow us to develop the new Luciana (gold) and Emperatriz (copper) exploration projects.

We would also like to highlight the agreement reached with Gold Fields to process the gold ore extracted by said company at the Coimolache processing plant, which is expected to produce between 40 and 50 thousand ounces of gold annually in the coming years.

Additionally, we continue to study the Coimolache Sulfides Project, a copper deposit located below the current gold oxides operation area.

Uchucchacua, located in the highlands near Lima, achieved a new production record with 16,583,698 ounces of silver, surpassing the 16,212,746 ounces produced the previous year, despite a three-day shutdown due to a roundtable discussion with the community of Oyón.

In 2018, Uchucchacua will also seek to overcome a series of bottlenecks, including ventilation, hoisting, and drainage. On the other hand, the results of the explorations at Cachipampa have been encouraging. This zone features silver grades similar to current ones, but with an interesting presence of lead and zinc.

Mallay, in Oyón, produced 1,109,382 ounces of silver, compared to the 1,627,246 ounces reported in 2016. In an effort to increase profitability for the Company, the Mallay processing plant is now prioritizing the ore from Uchucchacua. This decision explains the drop in annual production. Additionally, hydrogeological studies are being performed to determine the continuity of operations inside the mine.

Our Julcani Unit, in Huancavelica—Buenaventura’s first mine—produced 2,249,527 ounces of silver, compared to 3,264,420 ounces in 2016. At this mine, we have decided to reduce the treatment volume so we can focus on the most accessible areas with the highest grades, thus decreasing dilution.

El Brocal (61.43% BVN), a subsidiary of Buenaventura that operates the Colquijirca Unit in Cerro de Pasco, completed its operational integration with our Company with the goal of creating synergies in an effort to increase efficiency and improve productivity. This process began in 2016, with the transfer of the support systems and the different administrative areas.

In terms of production, in 2017, El Brocal registered 45,097 metric tons of copper, compared to 49,170 in 2016; and 51,511 metric tons of zinc, compared to 57,385 the previous year.

The 13K Project (13,000 tons of copper per day) is expected to be successfully achieved in 2018, increasing the mine’s production from 7,500 to 13,000 tons per day.

At the San Gabriel Project, located in Moquegua, we continued to move forward with the prefeasibility studies. The Environmental Impact Assessment (EIA) was approved in March 2017 after a successful public hearing, the first in history to be held in the Quechua language. At the same time, we have continued to work on improving relations with the community, and we are currently performing geomechanical studies to define the most appropriate mining method.

The Yumpaq Project, in Pasco, located five kilometers from Uchucchacua, is also progressing nicely. This silver deposit is very similar to Uchucchacua, and the two units will be integrated in the future through a tunnel at the 3,850 level. Yumpaq is expected to be the future of Uchucchacua.

Trapiche, a copper deposit in Apurímac, has prepared a conceptual study for the heap leaching of secondary enrichment ore. The prefeasibility study is scheduled for completion in 2018.

Cerro Verde (19.58% BVN), in Arequipa, registered 481,810 metric tons of copper, compared to 502,495 tons produced the previous year. The company also established a provision of US\$ 376.6 million in the third quarter, due to the contingent issues with the Peruvian tax authority (SUNAT).

On the other hand, after concluding the expansion of its copper concentrating plant—the biggest in the world—a new dividends policy is expected to be announced at the next Cerro Verde Shareholders’ Meeting.

## LETTER TO THE SHAREHOLDERS

Yanacocha (43.65% BVN) reported a production of 534,691 ounces of gold in 2017. Its production is expected to gradually decline until hitting a low of 200,000 ounces of gold starting in 2020. However the Quecher Main Project is now being developed at this mine, located in Cajamarca, which will allow for the extraction of the remaining oxide ore to extend its useful life through 2027, in addition to facilitating the exploration of the sulfide deposits to determine their viability.

Procesadora Industrial Río Seco produced 21,402 metric tons of manganese sulfate, positioning it among the world's largest producers of this product. The Río Seco Center for Technological Innovation and Development also continues to work on the BVN Process, in an effort to add value to copper processing. We expect to build and operate a copper refinery by 2021 to process compound minerals.

**The effort dedicated to exploration is part of our culture at Buenaventura**

**This ensures the continuity of our operations. As such, it is our job to continue discovering deposits, replenishing reserves, and striving to expand.**

The effort dedicated to exploration is part of our culture at Buenaventura. It ensures the continuity of our operations. As such, it is our job to continue discovering deposits, replenishing reserves, and striving to expand. With this in mind, we have carried out these tasks near our mines, and in new areas, too.

We have set a goal of achieving operational excellence through a management based on technological processes and tools. As previously reported, in 2016 we implemented the SAP system, an enterprise resource planning (ERP) program that integrates the finance, accounting, and logistics systems. In 2017, we migrated this system to El Brocal, as part of the synergy process with that company, and we implemented an additional module for maintenance management.

We are pleased to announce that in August 2017, we revamped our website with updated, easy-to-find information on our history, operations, projects, news, social and environmental responsibility activities, and relevant information for investors, thus reaffirming our commitment to openness and transparency.

In other news, we would like to welcome Nicole Bernex, who has joined Buenaventura's Board of Directors as an independent member in 2018. Igor Gonzales retired from the board for personal reasons after four years of service. We would like to thank him and acknowledge the support, hard work, and passion he brought to the Company as Vice President of Operations and one of its directors.

Dr. Bernex is a Full Professor at the Department of Arts and Letters of the Pontifical Catholic University of Peru

(PUCP), the Academic Director of the Center for Research in Applied Geography at said university, and a member of the Global Water Partnership. She is also a consultant for a number of international bodies, such as the World Bank's Water and Sanitation Program. She holds a PhD and a Master's in Geography from Paul Valéry University in Montpellier, France.

In 2017, there were several changes in our management. Carlos Gálvez retired after working with us for forty years. Carlos joined the Buenaventura family in 1978, and had been Vice President of Finance and Administration since 2001. We would like to thank him for his important contributions and his constant dedication and affection for Buenaventura. Leandro García took over as Vice President of Finance and Administration on December 1, 2017, where he is responsible for the financial, commercial, and administrative departments.

Elsewhere, Gonzalo Eyzaguirre became Vice President of Operations on July 1, 2017, replacing Igor Gonzales. He is in charge of Buenaventura's direct mining units, as well as its subsidiaries. Prior to this, Gonzalo was the General Manager of Sociedad Minera El Brocal.

It is important to note that 2018 marks the 65<sup>th</sup> anniversary of our founding. As we traditionally do, we will be celebrating with our entire team. This is an occasion to remember those who contributed to the company in the past, and of course, to acknowledge those who make it possible for Buenaventura to remain one of the leading mining companies in Latin America, creating more and more value for society.

On behalf of the Board of Directors of Compañía de Minas Buenaventura, I would like to thank our management, our shareholders, and our suppliers. And of course, I would like to express our special appreciation to all of our collaborators from all of our offices, units, and projects. Without your hard work, none of this would be possible.

Sincerely,

**Roque Benavides**  
**Chairman of the Board**

# 65 YEARS OF HISTORY AND LONG-TERM VISION

Buenaventura has over 65 years of experience in the exploration, development, construction, and operation of mines, as well as in joint ventures with world-class companies.



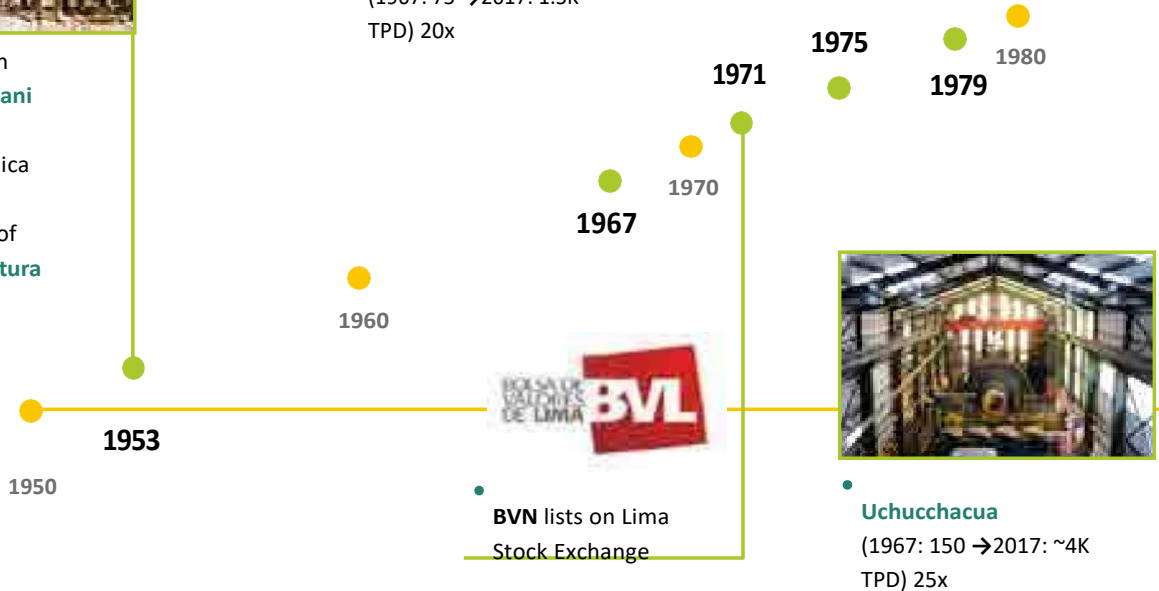
- BVN acquires 11% of **El Brocal**  
As of this date, BVN holds 61%



- **Orcopampa**  
(1967: 75 → 2017: 1.5K TPD) 20x



- Acquisition of the **Julcani** mine in Huancavelica
- Founding of **Buenaventura**



Odría  
(1948-1956)

Prado y Ugarteche  
(1956-1962)

Belaúnde  
(1963-1968)

Velasco  
(1968-1975)

Morales Bermúdez  
(1975-1980)

Belaúnde  
(1980-1985)

1990

1993

1994

1996

2000

Privatization of **Cerro Verde** (together with Cyprus)

JV<sub>3</sub>: **First Resources-McMullan** (1994-2000 → 2017: 500-550k MT Cu) 18x

**Coimolache**: First doré bar obtained (nearly 1M OzAu produced to date)

2016

2013

2010

2011

2014

**Huanza**: Hydroelectric power plant begins commercial operations (100 MW)



• **La Zanja** (nearly 1M OzAu produced to date)



• First doré bar obtained at **Tambomayo**



• Inauguration of the **Río Seco** plant



• First doré bar obtained at Yanacocha (over 36M Oz Au produced to date)

• JV<sub>2</sub>: **NEWMONT**



First Latin American mining company to list on the New York Stock Exchange



**García**  
(1985-1990)

**Fujimori**  
(1990-2000)

**Toledo**  
(2001- 2005)

**García**  
(2006- 2011)

**Humala**  
(2011-2016)

**Kuczynski**  
(2016-to date)

# CORPORATE CULTURE

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## Vision

Develop mineral resources while creating the greatest value possible for society.

## Mission

Be the mining company of choice, and that which is most widely accepted, among communities, authorities, and the general public.

Make the company as highly valued as possible by all of its stakeholders.

## Values



**Safety:** Promote respect for our collaborators' lives in all of our processes, operations, and activities.



**Honesty:** Act straightforwardly and honestly, without lying, deceiving, or omitting the truth.



**Industriousness:** Exhibit a passion for our work, doing our best, and acting efficiently, safely, and responsibly.



**Loyalty:** Make a commitment to the company, its mission, vision, and values.  
We are all part of the same team.



**Respect:** Be considerate and treat others with courtesy and respect for their ideas, culture, and rights.



**Transparency:** Be truthful, clear, prompt, and unambiguous in all of our communications and actions.



A large graphic on the right side of the page consists of several overlapping, curved shapes. At the top is a light green area. Below it is a teal shape that curves downwards and then back up. To the right of the teal shape is an orange shape that curves downwards and then back up. The overall effect is a dynamic, abstract composition.

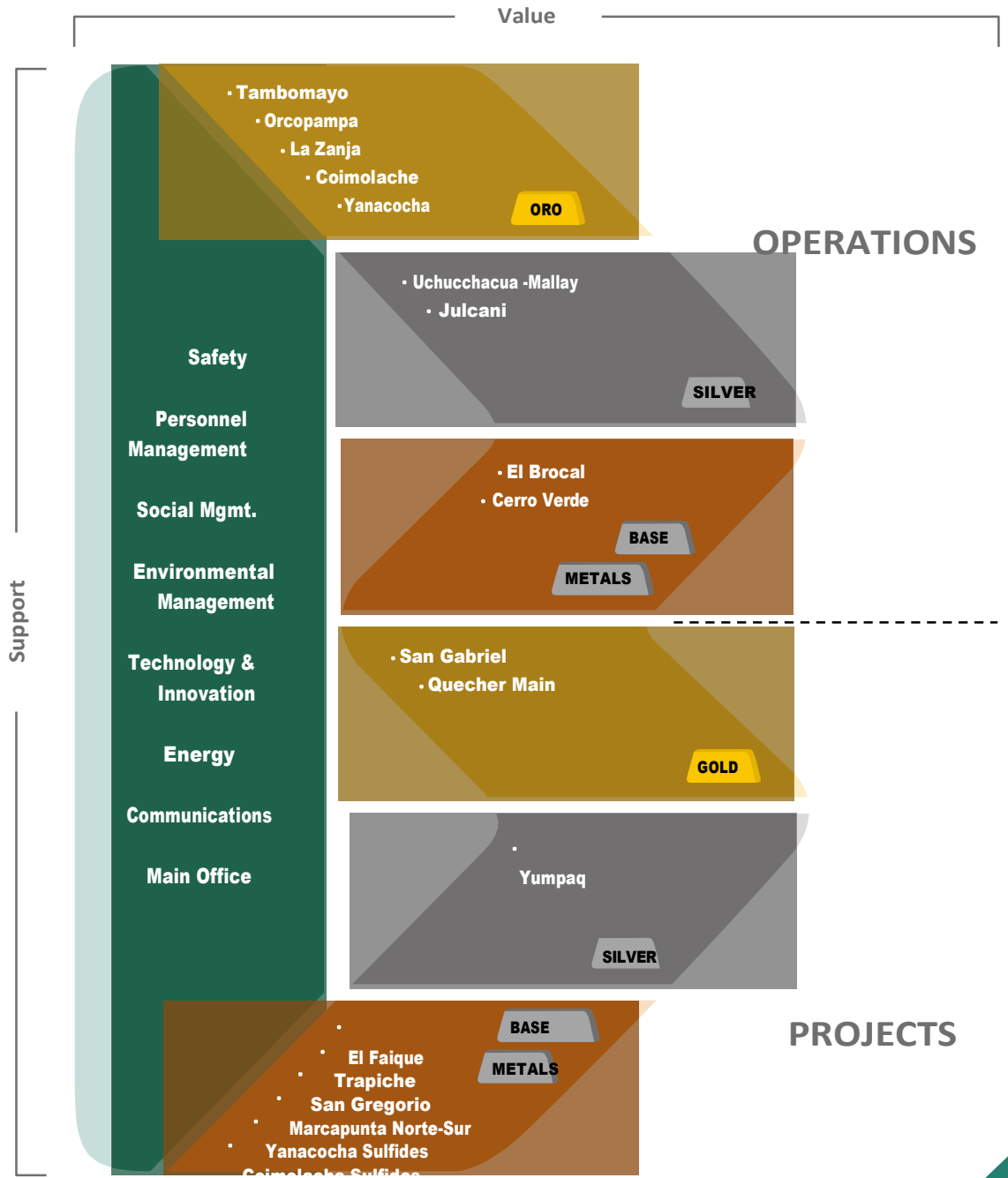
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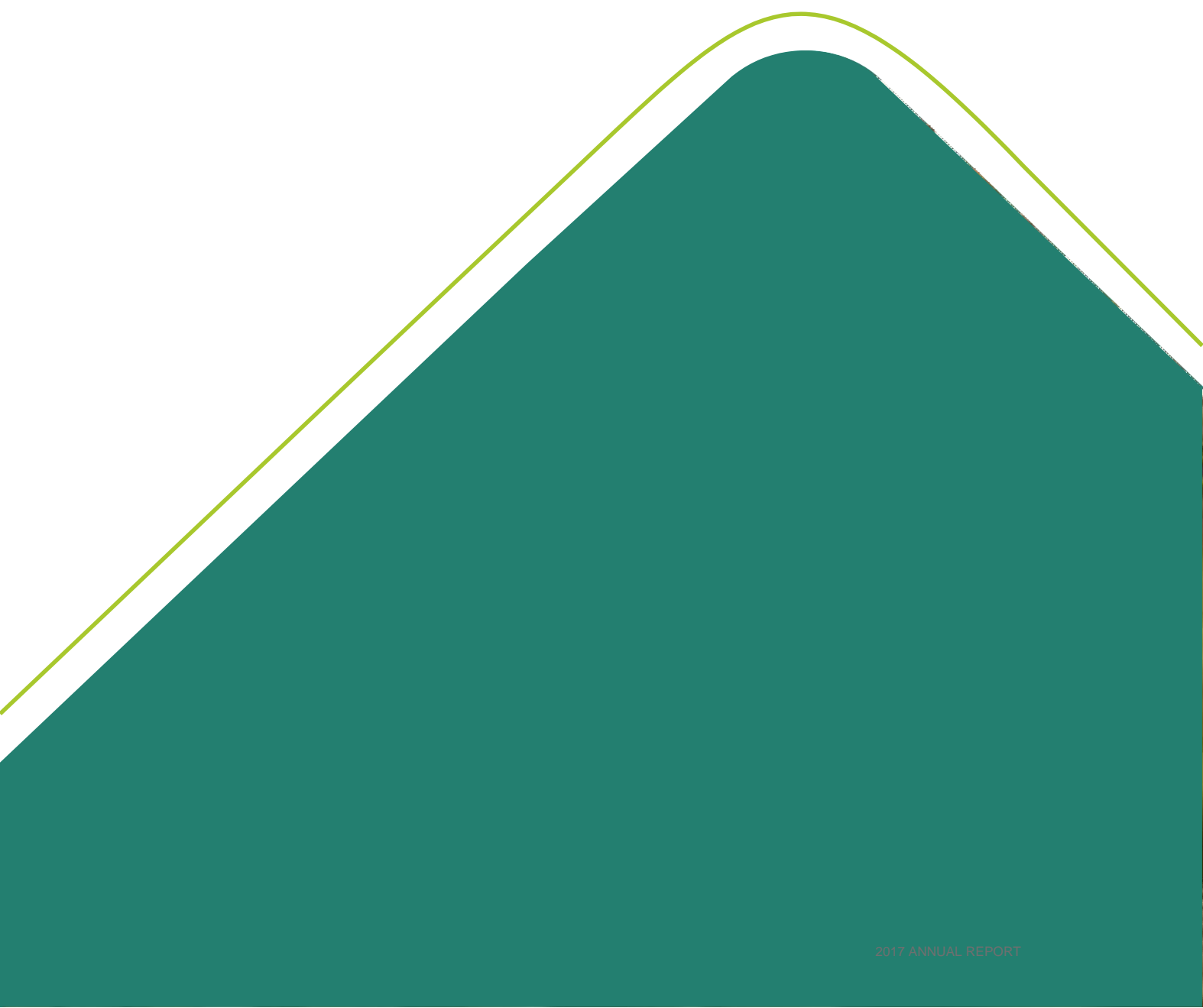
We have incorporated

# safety

as one of the core values  
present in all of our  
activities

# STRATEGIC MAP







# OPERATIONS

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During 2017, Compañía de Minas Buenaventura S.A.A. operated nine mining units, of which six are underground (Orcopampa, Uchucchacua, Julcani, Tambomayo, Mallay, and Marcapunta) and three are open-pit (La Zanja, Coimolache, and Tajo Norte).

During the year in review, the mines operated by Buenaventura processed 5,016,298 DMT of minerals from its underground mines and 26,982,137 DMT from the open-pit mines (see Table 1). The Company achieved a total cumulative production of 557,100 ounces of gold, 27,425,373 ounces of silver, 44,976 FMT of lead, 74,560 FMT of zinc, and 45,289 FMT of copper.



## TAMBOMAYO (100% BVN)

Tambomayo is an epithermal deposit with quartz veins and mineralization, mainly gold-silver, with significant lead and zinc content. The mining unit is located in the Province of Caylloma, in the Region of Arequipa.

In 2017, it processed 332,193 DMT, with 8.50 ounces/ton of silver, 0.225 ounces/ton of gold (6.987 g/t), 1.72% lead, and 2.35% zinc, recovering 1,788,219 ounces of silver, 64,175 ounces of gold, 2,070 FMT of lead, and 2,906 FMT of zinc. The annual average cash cost was US\$553/ounce of silver (see Table 1).

As of December 31, 2017, total mineral reserves at Tambomayo have been evaluated at 1,898,280 DMT, with 0.282 ounces/tons of gold, 9.83 ounces/tons of silver, 1.25% lead, and 2.50% zinc, which represents 534,561 ounces of gold, 18'653,000 ounces of silver, 23,720 MT of lead, and 47,508 MT of zinc (see Table 2).

The measured and indicated resources total 584,147 DMT, with 0.216 ounces/tons of gold, 9.13 ounces/tons of silver, 1.24% lead, and 2.16% zinc, which represent 164,498 ounces of gold, 5,333,799 ounces of silver, 7,226 MT of lead, and 12,641 MT of zinc.

The mining works in the principal vein, known as Mirtha, and the diamond drill holes drilled to date show economic mineralization up to around 4,300 masl, which tentatively sizes the economic mineralization up to a depth of about 650 meters. Levels beneath 4,540 are being explored and developed using a ramp currently underway, having reached a depth of 4,340 at present.

**As of December 31, 2017,  
total mineral reserves at  
Tambomayo have been  
evaluated at**

**1,898,280**

**DMT**

## OPERATIONS

During 2017, a total of 3,866 meters of underground work was carried out. At level 4,540, this work was focused on continuing explorations toward the west and east ends of the Mirtha vein, as well as the exploration of the Esperanza vein and its branches, strategically locating diamond drilling cabs that explored the areas of the Catalina, Soledad, and Fátima veins.

At level 4,340, on the other hand, work continued on the exploration of the Paola, Paola Techo, Paola Techo Norte, and Paola Norte veins and their branches. Diamond drill cabs were also prepared to continue evaluating the aforementioned veins below level 4,340.

The diamond drilling campaign executed a total of 29,683 meters of diamond drill holes, with the objective of improving the certainty of our mineral resources and evaluating the continuity of the Mirtha, Paola, Paola Techo, Paola Norte, Paola Techo Norte, Susy, Esperanza, Fátima, and Catalina veins below levels 4,540 and 4,440 in the direction of the inferred and potential resources, which will continue during 2018.

For 2018, the main objective is to obtain more resources, intensifying exploration using diamond drill holes between levels 4,840 and 4,340, primarily in the areas of Fátima (Fátima vein), Soledad (Soledad 1 and 2), Mirtha Sureste (Esperanza, Claudia, Ángela), Mirtha Oeste, and the Central Area (at greater depth); and to explore the veins' prolongation at depths below level 4,340.

The Tambomayo processing plant satisfactorily concluded the ramp-up process, and has been operating at its maximum capacity of 1,500 MTD since August 2017. Tambomayo has thus become a major commercial operation for Buenaventura, with an expected production of 110,000 to 130,000 ounces of gold in 2018.

The background features a large orange shape that tapers to a point at the bottom center. A thick teal line follows the bottom edge of this shape, curving downwards and then upwards. To the right, there is another orange shape that is partially cut off by the edge of the page.

During 2017, a total of

**3,866**

meters of underground works were carried out at Tambomayo

## OPERATIONS

### ORCOPAMPA (100% BVN)

At the Orcopampa Unit, located in the Province of Castilla, Arequipa, a total of 500,580 DMT of ore from the Chipmo mine was processed and treated, with 0.382 ounces/ton of gold and 1.22 ounces/ton of silver, recovering 190,976 ounces of gold and 528,449 ounces of silver in doré bars. The cash cost was US\$744/ounce of gold.

The mineral reserves of this operation, as of December 31, 2017, totaled 851,166 DMT, with 0.459 ounces/tons of gold (14.29 g/t) and 1.23 ounces/tons of silver, which represent a content of 391,110 ounces of gold and 1,046,369 ounces of silver (see Table 2).

The indicated mineral resources of the unit, as of the end of the year, totaled 204,622 DMT, with 0.372 ounces/tons of gold and 1.11 ounces/tons of silver, which represent 76,218 ounces of gold and 227,573 ounces of silver (see Table 4).

Over the course of the year, a total of 12,540 meters of underground exploration works were carried out. An additional 67,922 meters of diamond drill holes were drilled, mainly focused on the exploration of the Pucará Sur, Pucarina, Nazareno, Ariana, Lucía-Julissa, Lucía Centro, Esperanza, and Prometida R1 vein systems.

In the Pucará Sur area, the most important exploration finding was the paystreak of the Pucara Sur vein, where high-grade reserves were gained. The current exploration of it using mining work and diamond drill holes is focused on level 3,540, toward its east and west ends.

During 2018, the plan is to continue with diamond drilling until the upper levels of 3,690 and 3,740, where evidence suggests probable deposits with gold mineralization in the vein at these levels. In this same area, the exploration of the Ariana vein, as surveyed last year, remains pending. This vein shows strong signs of gold and silver mineralization, and exhibits the same favorable structural control as the major Nazareno and Pucará veins.

Exploration of the Pucarina and Pucará Sur veins has begun at level 3,340. These veins have shown short, mineralized stretches with a high grade of gold and silver during the development of work there.





In the Nazareno zone, the Nazareno, Prosperidad, and Andrea veins were explored at the upper levels of the mine, primarily at level 3,690. The exploration of these three veins at levels 3,740, 3,690, and 3,640 resulted in 78,000 DMT of reserves with high grades of gold and silver, for which reason their exploration will continue toward the east and west at level 3,540. Additionally, the Lucy Piso vein will be explored as part of the system of veins to the north of the Nazareno vein.

In the area of Prometida, the main finding was the Alondra vein, a structure controlled by the PrometidaR1 fault, with widths of up to 2 meters. Exploration has been conducted, with positive results, between levels 3,540 and 3,490, with galleries and diamond drill holes. The exploration plan for 2018 includes diamond drill holes at the east and west ends.

**In Orcopampa, a total of**

**500,580**

**DMT of ore from the Chipmo mine was processed and treated**

## OPERATIONS

### **Minera La Zanja S.R.L. (53.06% BVN)**

Minera La Zanja S.R.L., a subsidiary of Buenaventura, is located in the District of Pulán, Province of Santa Cruz, 107 kilometers northwest of the city of Cajamarca.

In 2017, operations were focused on the Pampa Verde Pit, working between levels 3,384 and 3,276. In the San Pedro Sur Pit, a lower tonnage was mined than in the northern part, which covers the Mariella Body between levels 3,396 and 3,294, and the area of Cecilia between levels 3,558 and 3,504.

During the year in review, a total of 10,694,942 MT of ore was sent to the leach pad from the Pampa Verde and San Pedro Sur Pits, with 0.203 ounces/MT of silver and 0.015 ounces/MT of gold, revering 280,908 ounces of silver and 127,118 ounces of gold. The cash cost was US\$ 740/ounce of gold.

As of December 31, 2017, the minerals reserves of the open pits totaled 10,801,144 MT, with 0.204 ounces/MT of silver and 0.015 ounces/MT of gold, which means 2,204,306 ounces of silver and 162,751 ounces of gold. Additionally, there is still a recoverable inventory in pads and plant of 176,529 ounces of silver and 3,728 ounces of gold, bringing the total reserves to 2,380,835 ounces of silver and 166,479 ounces of gold.

The measured and indicated mineral resources in oxides total 7,287,031 MT, with 0.215 ounces/MT of silver and 0.015 ounces/MT of gold, which represent 1,564,522 ounces of silver and 110,553 ounces of gold.

In 2017, a total of 6,031 meters of exploratory diamond drill holes were drilled in Pampa Verde and San Pedro Sur. An additional 3,719 meters of exploratory diamond drill holes were drilled in the area of



Casablanca (Lastre). Another 3,069 meters of diamond drill holes were drilled in the Emperatriz Project, discovering bodies with “peacock copper” (chalcopyrite, bornite), and the Corredor de Domos and Luciana prospected were developed, encountering prospective areas with gold and silver that will be evaluated at a later date through drilling.

Finally, we have decided to modify the production plan at La Zanja to extend its useful life through 2019. This will allow us to develop the new exploration projects at Luciana (gold) and Emperatriz (copper).

At La Zanja, a total of

**10,694,942**

MT of ore was sent to the leach pad

## OPERATIONS

### Compañía Minera Coimolache S.A. (40.095% BVN)

Compañía Minera Coimolache S.A. is an affiliate managed by Buenaventura. It operates the Tantahuatay Mine, located in the District of Hualgayoc, in the province of the same name, 50 kilometers to the north of the city of Cajamarca.

During 2017, mining was performed at the Tantahuatay 2 and Ciénaga Norte Pits between levels 3,852 and 3,996, and between 3,924 and 3,996, respectively.

A total of 13,117,287 DMT of oxidized ore was sent to the leach pad, with grades of 0.015 ounces/tons of gold (0.456 g/t) and 0.395 ounces/tons of silver (12.298 g/t). Fine metals production totaled 151,454 ounces of gold and 800,942 ounces of silver. The annual average cash cost came to US\$ 385/ounce of gold.

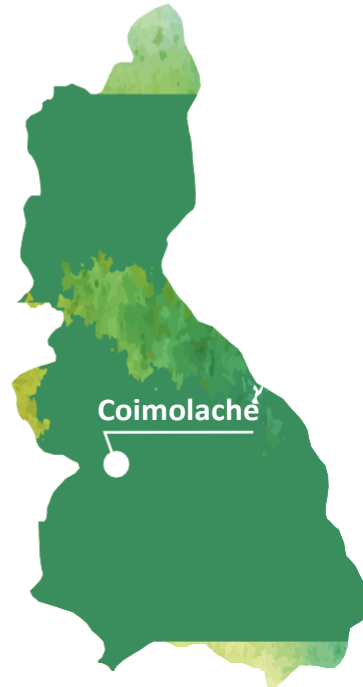
Drilling in oxides totaled 8,724.95 meters of diamond drill holes, focused on the operating areas of Tantahuatay 2 and Ciénaga Norte, and on the Mirador Norte and Mirador Sur Projects. Another part of the drilling was focused on sulfides, for a total of 20,578 meters. This drilling was performed in Tantahuatay2—Northwest End, along with Mirador Sur and Ciénaga Norte.

As of December 31, 2017, the proven and probable oxidized mineral reserves at Tantahuatay totaled 68,099,157 DMT, with grades of 0.012 ounces/ton of gold and 0.230 ounces/tons of silver, which represent 821,152 ounces of gold and 15,645,458 ounces of silver. This is an estimate for the five deposits, two of which contributed in production (Tantahuatay-2 and Ciénaga Norte), and the Mirador Norte, Mirador Sur, and Tantahuatay2—Northwest End Projects.

As of the close of 2017, there is ore remaining on the pad, for a recoverable total of 4,836 ounces of gold y 144,908 ounces of silver.

The measured and indicated oxidized minerals resources as of December 31, 2017 total 51,371,140 DMT, with 0.009 ounces/ton of gold 0.243 ounces/tons of silver, which represent 438,649 ounces of gold and 12,475,327 ounces of silver.

Construction was also completed on the metallurgical laboratory near the M&C plant, which consists of six (6) columns for percolation tests, a sample preparation room, and a metallurgical test evaluation room.



As part of the infrastructure necessary for operations at Ciénaga Norte, construction was completed on Organic Matter Deposit No. 2 (6.5 ha), the Inadequate Material Deposit (5.52 ha), the Barren Material Deposit (10.0 ha), and Contact Water Pond No. 4 – Stage 2 (15,000 m<sup>3</sup>), including environmental controls and reclaimed slopes.

For the Tantahuatay 2 Operation, construction was finished on Barren Material Deposit No. 2 (10.3 ha) and Barren Material Deposit No. 3 (13.67 ha), and the leach pad was expanded by 13.90 ha, as part of Stages II, III, y III-A located at Hueco II; including environmental controls and reclaimed slopes.

Special note should be made of the agreement we have reached with Gold Fields to process the gold ore extracted by said company in our Tantahuatay processing plant.

**As of December 31, 2017,  
the proven and probable  
oxidized mineral reserves  
totaled**

**68,099,157**

**DMT**

## OPERATIONS

### Minera Yanacocha S.R.L. (43.65% BVN)

Yanacocha is operated by Newmont Mining, and is located 20km to the northeast of the city of Cajamarca.

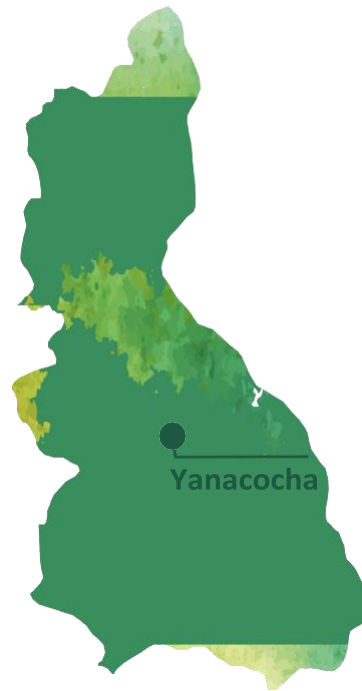
Gold production in 2017 came to 535,000 ounces, compared to 655,000 ounces in 2016. Silver production totaled 1.039 million ounces, compared to 457,000 ounces in 2016. During 2017, the gold mill processed 5.1 million dry metric tons, with a grade of 2.08 grams per ton and a gold recovery of 71.7%, obtaining a gold production of 239,000 ounces, compared to 330,000 ounces in 2016, with a registered gold recovery of 75.6%. The lower production in the gold mill was due to the lower tonnage processed (5.1 million vs. 5.3 million in 2016), the lower grade fed into the mill, the higher content of soluble copper, and the lower recovery compared to 2016. The ore discharged in the leach pads in 2017 totaled 21.8 million dry metric tons, which was lower than the 27.8 million tons deposited in 2016, due to the fact that no mining was done at Cerro Negro and Marleny, as well as the lower ore extraction at Yanacocha, partially offset by the higher ore extraction at La Quinua Sur and Tapado Oeste Layback compared to 2016, making for a gold production of 296,000 ounces, compared to 325,000 ounces in 2016.

Yanacocha's CAPEX in 2017 totaled US\$ 51.3 million. The main capital expenditures included the construction of access routes at Quecher, the construction of the north tailings dam, acquisition of equipment components, etc. Minera Yanacocha predicts that its capital expenditures for 2018 will total approximately US\$ 123 million, of which it plans to use approximately US\$ 97 million for the construction of the leach pad for the Quecher Project. In 2017, a total of 24,687 meters were drilled at Chaquicocha for exploration purposes. Additionally, the diagnostic and design stage was finished for the Yanacocha Transformation Project.

The proven and probable reserves of Minera Yanacocha as of December 31, 2017 totaled 3.8 million ounces of gold and 49.9 million ounces of silver. As of December 31, 2017, resources totaled 9.8 million ounces of gold, 75.5 million ounces of silver, and 0.658 million MT of copper.

The Quecher Main Project is the bridge that will ensure the continuity of operations at Yanacocha, contributing 1.3 million ounces of gold. It consists of two leach pads—Carachugo 11, with an area of 5 ha; and Carachugo 14, with an area of 57 ha—a pumping station, an operating pond and a storm events pond, an

open pit, and the related mine development works. It will be under construction for six (6) years, and is scheduled to remain in operation until 2027. The year 2017 began with the preliminary works, including the construction of the haulage road for giant dump trucks. This year will see the continuation of work on the foundations of the Carachugo 14 leach pad and the delivery of Carachugo 11 for operation. The Yanacocha Sulfides Project is located within the current operating area, and consists of the processing of sulfide ore for the production of copper and gold, which is expected to substantially lengthen the life of the mine. In 2017, the second exploration tunnel—measuring 420 m long—was completed with the purpose of exploring the oxides area to the south of Chaquicocha. The tunnel was completed without accidents, on schedule, and in accordance with planned costs. During 2018, the exploration tunnel will be extended and completed, running to the northwest of Chaquicocha for a length of 930 m. The initial results from the drilling and metallurgical testing will also be obtained in 2018, allowing us to evaluate the mineral potential in these zones. The prefeasibility studies for the Yanacocha Sulfides Project were also finished. In the first quarter of 2018, the prefeasibility stage will be concluded and followed up by the development of the project's feasibility.



During 2017, Minera Yanacocha continued to maintain and improve its Environmental Management System, certified under ISO 14001:2015 and ISO 17025 standards for its quality control and environmental assurance laboratory; and under the Cyanide Code for its processing facilities. Improvements were focused on reducing water use in its operations; optimizing water discharge in line with its focus on basins and social needs; optimizing waste management; and operational improvements in cyanide management at its processing facilities. This enabled it to efficiently comply with its environmental management of water, air, emissions, and biodiversity, as well as its environmental and legal commitments.

## OPERATIONS

### Uchucchacua (100% BVN)

The Uchucchacua Mine is located in the District of Oyón, Province of Oyón, Region of Lima. It is an underground operation that produces silver, lead, and zinc.

Ore treatment for 2017 totaled 1,364,478 DMT, with 14.73 ounces/tons of silver, 1.36% lead, and 1.80% zinc from the Socorro, Carmen, Casualidad, and Huantajalla Mines. A total of 16,583,698 ounces of silver, 16,708 FMT of lead, and 13,040 FMT of zinc were obtained. The annual average cash cost for 2017 was US\$11.18/ounce of silver.

The mineral reserves of Uchucchacua, as of December 31, 2017, totaled 4,893,597 DMT, with 13.21 ounces/ton of silver, 1.32% lead, 2.18% zinc, and 7.59% manganese, representing contents of 64,639,805 ounces of silver, 64,646 MT of lead, and 106,605 MT of zinc (see Table 2).

The mine's measured and indicated resources total 3,243,840 DMT, with 14.95 ounces/tons of silver, 1.15% lead, 2.11% zinc, and 9.14% manganese, which represents 48,488,655 ounces of silver, 37,181 MT of lead, and 68,597 MT of zinc (see Table 4).

Explorations resulted in 13,916 meters of mine works and 71,289 meters of diamond drill holes, mainly concentrated in the Socorro Mine on the Gina-Socorro, Socorro 3, and Cachipampa Veins, where the greatest gains in reserves were reported. In the Huantajalla, Carmen, and Casualidad Mines, explorations were focused on the Sandra, Jaqueline, Violeta, 7-A, and Marcia Veins, which are characterized by widths less than or equal to one meter, but with high silver contents. New structures developed this year in this area include the Cachipampa 1, 2, 3, and 4, Arlet, and Marcia 1 Veins.

As part of the deepening of the Socorro Mine, the Luz Shaft reached a level of 3,707.70 masl, and the main extraction level of 3,850 operated normally throughout 2017. Access Ramp 626-1 reached a level of 3,512.90 masl, while Ramp 626-2 reached 3,544 masl, for a total of 194.80 and 163.70 m, respectively, below the level reached by the Luz Shaft. These works will primarily help in preparing the calculation of the reserves volume



Uchucchacua



in the Socorro Bajo Mine between Levels 3,710 and 3,510 (Ramp 626-1) and intensifying explorations at the northeast end of the Socorro Bajo Mine (Ramp 626-2).

Operating improvements were made at the processing plant, most importantly the streamlining of the milling stages (milling load) and the streamlining of the closed secondary crushing circuit (Circuit II), making it possible to increase the treatment tonnage to 1,100 DMTD (March 16, 2017), and then 1,140 DMTD (August 3, 2017). Starting on September 1, the tonnage was increased to 1,190 DMTD, making for a consolidated daily treatment tonnage of 4,000 DMTD (2,810 DMTD in Circuit I; and 1,190 DMTD in Circuit II). Additionally, a design change was made to the outlets of the 15.5' x 11' SAG mill, thus allowing us to increase the treatment tonnage in this stage.

**As of December 31,  
mineral reserves  
totaled**

**4,893,597**  
DMT

## OPERATIONS

### Mallay (100% BVN)

The Mallay Mine, located in the Province of Oyón, in the highlands north of Lima, treated a total of 170,519 DMT in its processing plant, with 7.19 ounces/tons of silver, 2.70% lead, and 4.73% zinc, recovering 1,109,382 ounces of silver, 4,061 FMT of lead, and 7,102 FMT of zinc. The annual average cash cost came to US\$ 10.61/ounce of silver (see Table 1).

In 2017, a total of 3,942 meters of mining exploration and development works were performed, along with 20,058 meters of diamond drill holes, which were focused on the structures of the Isguiz Vein/Body, and the veins of the María, Dana, Denisse, and Maricruz systems.

The mineral reserves as of December 31, 2017 totaled 192,890 DMT, with 6.45 ounces/tons of silver, 3.58% lead, and 7.55% zinc, representing 1,243,932 ounces of silver, 6,907 MT of lead, and 14,557 MT of zinc (see Table 2), contained in the Isguiz Body and the María, Dana, Denisse, and Maricruz Vein systems.

The measured and indicated mineral resources totaled 6,762 DMT, with 7.37 ounces/tons of silver, 2.23% lead, and 3.42% zinc, which contain 49,836 ounces of silver, 151 MT of lead, and 231 MT of zinc (see Table 4).

The diamond drill holes drilled totaled 20,058 meters in 2017, primarily below Level 4,090. This has helped increase the certainty of the mineral identified in 2016, defining mineral resources of silver, lead, and zinc, especially in the Isguiz Clavo 3 Vein, with greater thicknesses than those observed at higher levels.

The deepening project is on standby due to the presence of water that flooded Ramp 400 and prevented the establishment of Level 4,030. However, an auxiliary ramp (Ramp 1282) has been implemented between Bodies 6 and 2 of the Isguiz Vein, reaching a depth of 45 meters below Level 4,090 and providing an alternative for the efforts to begin preparing said bodies, including the María and Maricruz Veins. Approximately 40 l/sec. of water was gaged at Ramp 1282, which is leaking from Ramp 400. Additionally, 5 piezometers were installed in the area of Bodies 6, 2, and 3 of the Isguiz Vein, in addition to those already existing, in order to monitor the presence of water at depth.

Mallay



During 2017, the decision was made to prioritize the mineral from Uchucchacua, in order to improve the Company's profitability. This decision explains the drop in annual production at Mallay.

**Mallay treated**

**170,519**  
DMT at its processing plant

## OPERATIONS

### Sociedad Minera El Brocal S.A.A. (61.43% BVN)

Sociedad Minera El Brocal S.A.A. operates the Colquijirca Mine in the Province and Region of Cerro de Pasco, 15 km south of the city of the same name, in one of the oldest and most prolific mining districts in Peru. It currently exploits zinc, lead, and silver ore in the Tajo Norte open pit, and copper ore in the Marcapunta Norte underground mine. The minerals from both zones are treated in Concentrating Plants 1 and 2 at Huaraucaca.

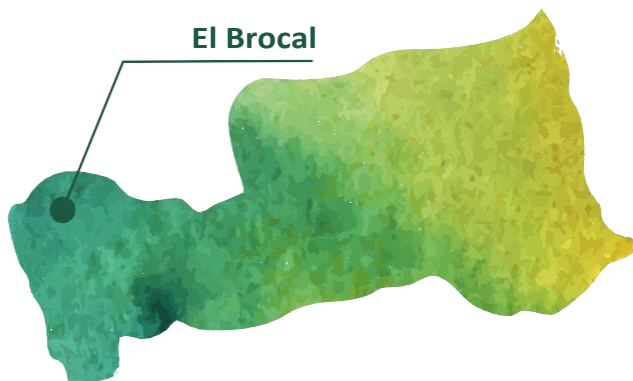
During 2017, a total of 3,169,908 DMT of lead and zinc was treated, recovering 3,031,796 ounces of silver, 20,313 MT of lead, and 51,511 MT of zinc. Additionally, 2,517,673 DMT of copper ore was treated, recovering 1,052,453 ounces of silver, 22,536 ounces of gold, and 45,097 MT of copper. The operation achieved an average daily treatment volume of 15,600 dry metric tons (see Table 1).

The financial results show a positive change in the main performance indicators. Net sales totaled US\$ 323.9 million, a growth of 40% over 2016 as a consequence of better average prices for lead, zinc, and copper, as well as the increase in fines produced and sold compared to

the previous year. Production costs, before depreciation or amortization, rose by 26%, mainly due to a higher clearing rate at Tajo Norte and an increase in the progress rate of the works at Marcapunta. After depreciation and amortization and the financial expenses associated with the leaseback agreement with BCP, the results showed an annual net profit of US\$ 11.7 million, representing an increase of US\$ 44.4 million over 2016 (US\$ -32.8 million).

In 2017, work was concluded on the synergy project with Buenaventura. Special note should be made of the transfer of all support functions, such as the Legal, Permits, and Securities Areas, among others.

The challenges for 2018 will be mainly centered on optimizing the mining method at Marcapunta; achieving the optimization of productivity and production costs; and accelerating the conversion of resources to reserves. Of course, we will not neglect our commitment to safety, the environment, and the surrounding communities, with programs aimed at improving their quality of life by caring for jobs and sustainable economic activities in the area.



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Net sales totaled

**US\$ 323.9**  
**million,**

40% higher than in 2016

## OPERATIONS

### **Sociedad Minera Cerro Verde S.A.A. (19.58% BVN)**

The Cerro Verde Mine is operated by Freeport–McMoRan, and is located 30kmsouthwest of the city of Arequipa, in the Districts of Uchumayo and Yarabamba.

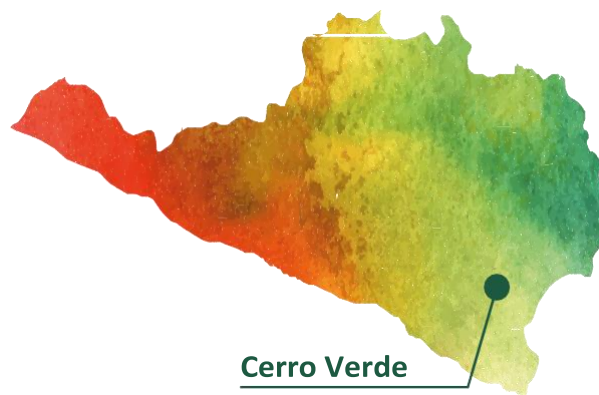
During 2017, it processed 131.4 million DMT via flotation, which compares favorably to the 129.3 million DMT produced in 2016, with a head grade of 0.435% copper, producing 2.007 million DMT of copper concentrates with an average head grade of 23% copper and a recovery of 81.2%. In total, this mining unit produced 980.030 million pounds of copper, 27.341 million pounds of molybdenum, and 3.81 million ounces of silver contained in the concentrates. Additionally, a total of 82.18 million pounds of copper was produced in the form of cathodes.

The cash cost was US\$1.510per pound of copper, and the total cost was US\$ 1.799 per pound of copper produced.

In 2017, sales totaled US\$ 3.203 billion, achieving a net profit of US\$ 349.9 million. The long-term debt was reduced from US\$ 1.996 billion to US\$ 1.268 billion.

Investments totaled US\$ 171.6 million in capital projects, compared to US\$ 153.5 million invested in 2016.

Since 2009, CerroVerde has been involved in a dispute with the tax authority over the collection of royalties for December 2006 and subsequent periods through December 31, 2012. Fiscal year 2013 is currently being audited. For December 2006, 2007, and 2008, Cerro Verde is currently paying the royalties determined by SUNAT in installments, under protest. Cerro Verde argues that it was not subject to these payments, according to the stability agreement entered into in 1998 with the Peruvian State. Nevertheless, Cerro Verde has continued to act in good faith at all times, and is currently evaluating other alternatives for the defense of its rights.



In 2017, Cerro Verde reported net profits of

**US\$ 349.9  
million**

# PROJECTS

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In 2017, we implemented the project methodology described in *Project Management for Mining: Handbook for Delivering Project Success* (2015) by Terry L. Owen and Robin J. Hickson. Mr. Owen acted as our advisor during the implementation and follow-up process.

The objective of this initiative is to reduce the risk inherent in these types of projects, in a structured and disciplined manner, thus minimizing the exposure of our upcoming investments to the new dimension of our projects.

Along these lines, we have defined the following phases or stages of maturity for our projects:

- » **Conceptual Phase:** Begun several months before finishing the advanced exploration of the deposit (definition of resources), this phase seeks to determine the appropriate business case for the development of the future mining unit, achieving an order of magnitude in the range of +100% to -50% for the development of a mostly inferred resource, with an engineering development level on the order of 2%.
- » **Prefeasibility Phase:** Aimed at collecting the necessary field data to decide among the different possible solutions, reducing the order of magnitude to a range of +40% to -30% for the development of a mostly indicated resource, with an engineering development level in excess of 7%.
- » **Feasibility Phase:** Aimed at developing the alternatives selected in the previous step with a view to firming up the basic engineering, achieving an order of magnitude of +25% to -20% for the development of an 80% measured/indicated resource, with an engineering development level of over 20%. The project's feasibility is confirmed in this stage.
- » **Development Phase:** Aimed at developing the controls that will accompany the project throughout its implementation, achieving an order of magnitude of +12% to -10% for the development of a 100% measured/indicated resource, with an engineering development level in excess of 70%.



During the second half of 2017, we proceeded to evaluate the projects in our portfolio, identifying any gaps with regard to the selected methodology, in order to then recategorize them as necessary, and ultimately define a plan of action to fill in any gaps identified and meet the new benchmarks.

## PROJECTS

### I. Projects in the Conceptual Phase

#### Projecto San Gabriel (100% BVN)

The San Gabriel project is an intermediate sulfidation epithermal deposit with gold, copper, and silver metal contents, located in the Province of General Sánchez Cerro, in the Moquegua Region.

The measured and indicated mineral resources totaled 7,676,748 DMT, with 0.23 ounces/ton of silver, 0.184 ounces/tons of gold, and 0.06% copper, representing 1,415,684 ounces of gold, 1,728,904 ounces of silver, and 4,401 FMT of copper (see Table 4).

The inferred mineral resources totaled 5,530,961 DMT, with 0.23 ounces/ton of silver, 0.148 ounces/tons of gold, and 0.06% copper, representing 786,638 ounces of gold, 1,234,460 ounces of silver, and 3,108 FMT of copper.

The total mineral resources (measured, indicated, and inferred resources) calculated as of the end of 2017 total 13,007,709 DMT, with 0.17 ounces/tons of gold, 0.23 ounces/tons of silver, and 0.06% copper, representing 2,202,322 ounces of gold, 2,963,365 ounces of silver, and 7,509 FMT of copper.

The project's social situation is favorable, as demonstrated by the approval of the detailed EIA on March 31, 2017, on which we will continue working, progressively and reciprocally, throughout the life of the project.

For 2018, we plan to continue with a second drilling campaign, aimed at increasing the current mineral resources with the inclusion of the San Gabriel Norte Body, while beginning to develop the basic engineering in order to demonstrate the project's feasibility by early 2019.

#### The inferred mineral resources at San Gabriel totaled

**5,530,961**  
DMT

## Trapiche Project - El Molle VerdeSAC (100% BVN)

The Trapiche project is a copper and molybdenum porphyry from the Oligocene Epoch located on the southwestern edge of the Andahuaylas-Yauri belt, in the Province of Antabamba, in the Apurimac Region.

Conceptually, the Trapiche Project involves an initial copper leaching operation, working at a pace of 45,000 tons per day.

For this leaching scenario, the minable resources have been estimated at 290,416,144 DMT, with a grade of 0.51% copper, representing 1,469,014 MT of contents and 1,057,690 FMT of copper, with an average metallurgical recovery of 72%. Acid consumption is approximately 7.5 kg/t, and the irrigation cycle is 200 days.

As of December 2017, the total resources of Trapiche have been revised and updated. This revision is reported based on the standards defined by the Canadian Institute of Mining, Metallurgy, and Petroleum (CIM), as per Standard NI 43-101. The estimated measured and indicated mineral resources total 868,300,000 DMT, with a copper grade of 0.37%, representing 3,247,458 MT of copper. The inferred mineral resources total 44,400,000 DMT, with 0.30% copper, representing 132,753MT of copper.

During 2017, we worked together with the community to supplement the existing easement agreement for the lands necessary for the project, achieving significant progress.

In 2018, we will focus on conducting the project's prefeasibility, with a view to evaluating the exploitation of the minable resources.

**Conceptually, the Trapiche Project is based on an initial copper leaching operation, working at a pace of**

**45,000**  
tons per day

## PROJECTS

### II. Projects Pending Entry into the Conceptual Phase

#### Yumpaq Project (100% BVN)

The Yumpaq Project is located 5 kilometers from our Uchucchacua Mine, and consists of a system of intermediate sulfidation veins running primarily northeast, in tension with the Cachipampa Fault, which controls the mineralization at Uchucchacua. We have not yet determined whether Yumpaq will be a separate operation from Uchucchacua, or an add-on to said mine.

During 2017, we began the process of defining resources through underground works. The plan for 2018 is to continue defining resources and complete the conceptual phase by the final quarter of the year.

#### San Gregorio Project - Sociedad Minera El Brocal (61.43% BVN)

The San Gregorio Project is a massive zinc deposit, and a continuation of the mineralization in our operations at El Brocal, located in the District of Colquijirca, in the Pasco Region.

During 2017, we continued to foster positive community relations. For 2018, we will continue to work on identifying gaps to adapt our information to the new project management model.

#### El Faique Project (100% BVN)


The El Faique is a volcanogenic massive sulfide (VMS) ore deposit hosted in the Mesozoic basin of Lacones, located in the Province of Tambogrande, in the Piura Region.

During 2017, we continued to work on community relations, where we will also focus our efforts in 2018, in parallel with the identification of gaps so we can adapt our information to the new project management model.

#### Coimolache Sulfides Project - Compañía Minera Coimolache S.A. (40.95% BVN)

The Coimolache Sulfides Project consists of an epithermal arsenical copper mineralization covering an area of 2.0 by 2.0 km, and enriched copper located beneath the oxidized area of the Coimolache Mine.

The works carried out in 2017 were focused on defining the resources. The plan for 2018 is to finish drilling and conclude the project's conceptual phase by the end of the year.

The background features a large, light green shape that tapers towards the bottom, set against a white background. A thick, dark teal line follows the bottom edge of the green shape, curving downwards. In the bottom right corner, there is a yellow shape that resembles a stylized 'L' or a corner of a square.

**Our projects were carried out in four phases: Conceptual, Prefeasibility, Feasibility, and Development**

## OTHER BUSINESS DEALINGS

### Procesadora Industrial Río Seco S.A. (100% BVN)

Río Seco is located in the Province of Huaral, Department of Lima, 102 kilometers to the north of the city of Lima. This chemical industrial plant commenced operations in January 2014 for the production of manganese sulfate monohydrate from the lead-silver-manganese concentrates from the Uchucchacua Mine.

During 2017, the acid wash plant treated 32,435 DMT of concentrate from Uchucchacua, with grades of 129.4 ounces/ton of silver, 10.9% lead, and 25.7% manganese. After acid washing, the new concentrate grades were as follows:

	DMT	Ag oz./DMT	Pb %	Mn %
Concentrate from Mine	32,435.3	129.4	10.9	25.7
Washed Concentrate	19,862.9	210.4	17.8	3.4

The sulfuric acid plant produced 17,014 MT of sulfuric acid with a purity of 98%. This plant uses wet sulfuric acid (WSA) technology, which is clean and environmentally friendly. Of the total sulfuric acid, 52.8% was produced through sulfur smelting, and 47.2% was from the H<sub>2</sub>S gases produced in the acid wash plant.

The crystallization plant produced 21,402 DMT of manganese sulfate monohydrate. The manganese sulfate production is shown in the following table:

Dryer	DMT
Spin Flash Dryer	13,882.0
Spray Dryer	7,520.0
<b>Total</b>	<b>21,402.0</b>

Buenaventura's Research and Technological Innovation Center is located on the same premises as the facilities of Río Seco. The Center includes a pilot plant used to perform research into the development of an industrial process for the production of cathodic copper using copper concentrates with enargite from El Brocal.

The first stage in this development consisted of a batch operation in the process, where the laboratory results were verified. The operating variables were then fine-tuned until ensuring the replicability of the process and establishing optimal conditions. The second stage consisted of a continuous operating circuit until finally obtaining a product and handling the solutions. This pilot plant integrates the BVN Process with hydrometallurgical operations, such as extraction using solvents and electrowinning, where copper cathodes were obtained with a 99.999% purity.

The project's feasibility includes the exploitation of waste and an efficient management of effluents with economic value.

Río Seco works based on the highest environmental safety standards, in constant coordination with the communities of Huaral and Sayán, the Lachay National Reserve, the Municipality of Huaral, and the Municipality of Chancay, with which it carries out a participative environmental monitoring program in the area.

## OTHER BUSINESS DEALINGS

### Buenaventura Ingenieros S.A. (BISA) (100% BVN)

In 2017, BISA's sales totaled US\$ 11 million, compared to US\$ 13 million reported in 2016. The recovery of metal prices did not result in a higher demand for mining services, and the expected rebound of infrastructure investments did not happen in 2017. Nevertheless, thanks to the hard work done to diversify the client portfolio, services rendered to the industrial and infrastructure sectors accounts for 19% of the year's sales (compared to 13% in 2016).

Administrative expenses dropped from US\$ 4.5 to US\$ 3.6 million in 2017, and are expected to decrease further in 2018.

In terms of operations, the impact of fixed costs was reduced, making operating costs viable through specific contracts on a project-by-project basis and the outsourcing of certain services.

The sale of seven floors of office space in a building in Surco was completed, thus making it possible to pay off all the company's long-term obligations. Additionally, BISA Construcción (BICO) was closed down, meaning that the financial statements exclusively reflect the activity of BISA.

The company renewed its registration in the National Suppliers' Registry, which will allow BISA to participate in bidding contests for the engineering and supervision of public infrastructure projects.

#### Sales in 2017 totaled

**US\$ 11  
million**  
compared to US\$ 13 million in  
2016



### Consortio Energético de Huancavelica S.A. (CONENHUA) (100% BVN)

Consortio Energético de Huancavelica S.A. has now been in business for 32 years. In 2017, it operated 479.45 km of transmission lines: 59.90 km at 22.9 kV; 14.80 km at 33 kV; 104.32 km at 60 kV; 152.46 km at 138 kV; and 147.97 km at 220 kV, covering operations in Cajamarca, Huancavelica, Arequipa, Cerro de Pasco, and Lima.

It is also in charge of operating eight VHV/HV substations: two 220 kV substations, three 138 kV substations, and three 60 kV substations.

During 2017, there were a total of 193.31 hours of interruptions, as follows:

Voltage Level	External Failure (Hours)	Internal Failure (Hours)	Maintenance (Hours)	Total (Hours)
33 kV	1.49	---	9.38	10.87
60 kV	---	2.14	10.35	12.49
138 kV	2.94	2.31	29.95	8.06
220 kV	---	1.34	97.04	98.38
<b>Total</b>	<b>1.96</b>	<b>3.48</b>	<b>123.96</b>	<b>129.8</b>

## OTHER BUSINESS DEALINGS

At the request of Compañía Minera Coimolache (CMC), the company carried out the engineering and construction for the expansion of the Cerro Corona 220 kV substation, with the installation of a new 220/60/22.9 kV - 40 MVA transformer to increase the supply capacity to meet the electricity demand from CMC.

Aside from that, in October, Concesionaria CCNCM commissioned the two new cells for the Carhuaquero – Cajamarca Norte and Cajamarca Norte – Cállic lines at the Cajamarca Norte Substation, thus expanding and reinforcing the electricity system in the northern part of the country.

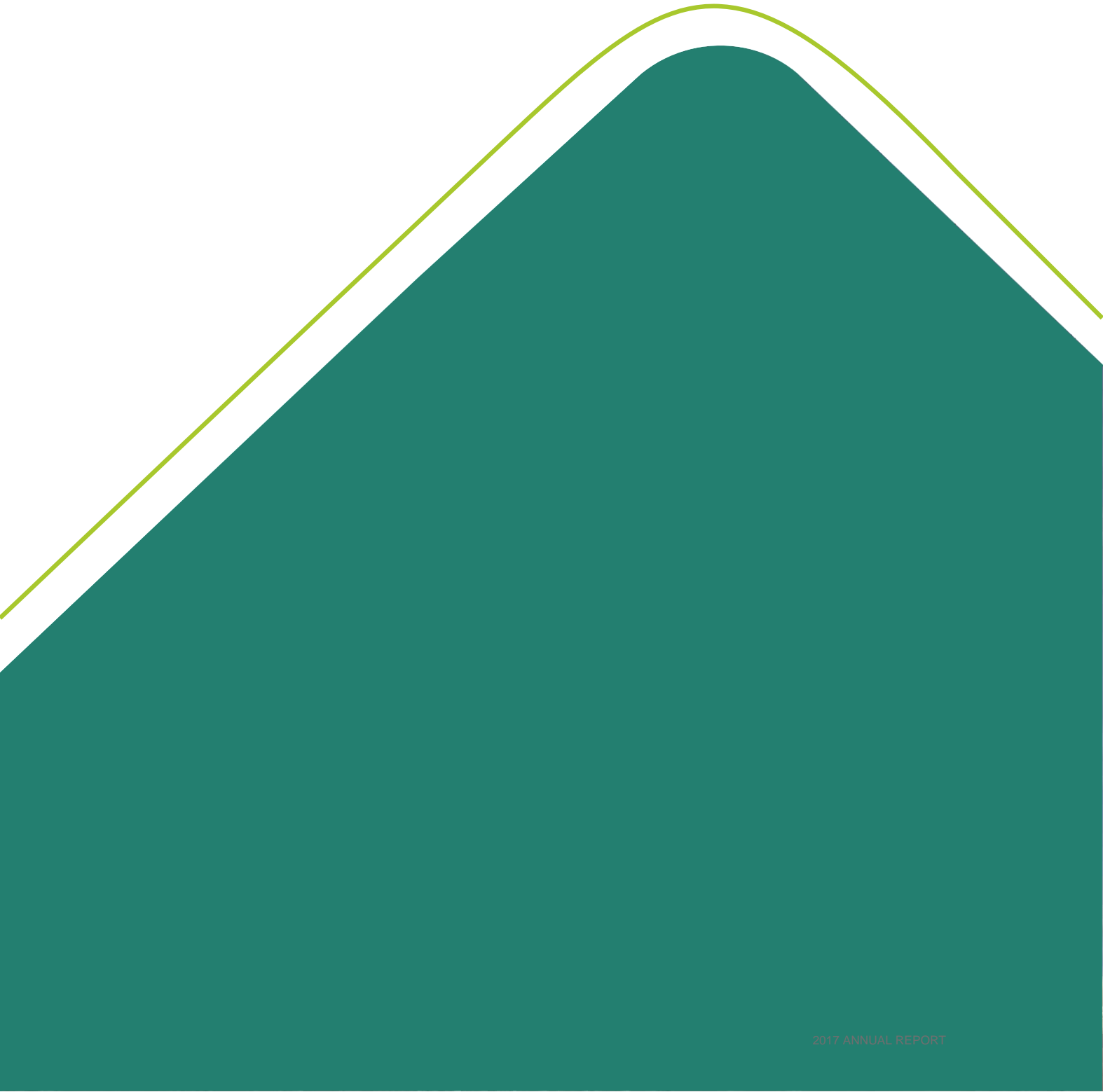
In terms of hydroelectric power plants, Empresa de Generación Huanza continued to improve its facilities and electromechanical equipment, achieving a generator availability in excess of 92% and generating 489.29 GWh.

The small hydroelectric power plants, Huapa and Ingenio, generated a total of 13.38 GWh during the year, to the benefit of Buenaventura's operations.

The consolidated economic results of the Consorcio Energético de Huancavelica reported total operating revenues of US\$ 60.5 million, an operating profit of US\$ 22.0 million, and a net profit after income tax of US\$ 8.6 million.

**The consolidated economic results of the Consorcio Energético de Huancavelica reported total operating revenues of**

**US\$ 60.5  
million**



# SAFETY

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More than a set  
of standards or  
procedures, safety  
is one of our core  
values

For Buenaventura, safety is a fundamental, cross-cutting aspect of all our operating and administrative procedures, and in our day-to-day lives. More than a set of standards or procedures, safety is one of our core values.

During 2017, approximately 44 million man-hours were worked, 20.5% more hours than in 2016. Unfortunately, 5 fatal accidents were reported (2 more than in 2016), at the Uchucchacua, Julcani, and El Brocal Mines, and in the area of direct influence (ADI) of Tambomayo. As a result, the Incapacitating and Fatal Accident Rate was 2.01, an increase of 12% compared to 2016.

Our main safety-oriented activities included the following:

- » Launch of the campaign “A Pact for Life,” aimed at ensuring compliance with critical risk standards for each type of operation.
- » Relaunch of the Safe Conduct Observers Program, to ensure adequate involvement and raise awareness among all collaborators.
- » Strengthening of the IBI proactive performance indicator, aimed at preventive activities on the part of supervisory staff.
- » Reorganization of the Safety Area, to guarantee adequate advisory and auditing services in the mining units.
- » Increase in the frequency of internal audits and inspections in the mining units, to better identify hazards, assess risks, and implement controls.

We continued to work hard to achieve a “Culture of Safety” that involves all the collaborators of the Buenaventura family.

# ENVIRONMENTAL MANAGEMENT

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**As a result of our goal of  
reducing freshwater  
consumption through  
recirculation processes, we  
have now reached**

**96%**

**in open pit operations  
and**

**77%**

**in underground  
operations**

This year, our environmental management was aimed at implementing best industry practices and promoting a number of research projects to contribute to the sustainability of our operations. As part of these efforts, we complied with the laws in force and the commitments we made under the approved environmental management instruments, the agreements we have reached with the surrounding populations, and the agreements entered into with different authorities. We are currently in the process of recertifying in the Integrated Management System (IMS) that guides our performance, based on OHSAS 18001, ISO 9001, and ISO 14001 international standards.

As part of our environmental policy, we prioritize the use of clean technologies in our units and projects, and we foster “water harvesting” by storing rainwater to contribute part of the water required by the surrounding communities and our own operations. As part of our objective of reducing freshwater consumption through recirculation processes, we now recirculate 96% of all water in our open pit operations and 77% in underground operations. Along these same lines, in our search for ever-increasing efficiency, we also continued our attempts to minimize waste generation, promote recycling, and reduce the consumption of different inputs used for metallurgical processing.

During 2017, we achieved 94% compliance with the commitments made in our environmental management instruments; and 97% compliance with our approved environmental management plans, which form part of the environmental studies in force. Our Basic Environmental Performance Index (BEPI), which measures the degree of supervisor involvement, as well as compliance with corrective and preventive measures established in our action plans, was 91%.

It should be noted that over the course of 2017, the Environmental Assessment and Enforcement Agency (OEFA) conducted 24 inspection visits to our operations, our subsidiary companies, and our exploration projects. Out of all of these inspection visits, a total of 27 findings were reported, representing a rate of 1.12 findings/ visit, compared to 0.9 findings/visit in 2016, when 53 inspection visits were made and 47 findings were reported.

Environmental contingencies as of December 31, 2017 totaled US\$1.2 million, which is higher than the contingencies of US\$ 0.8 million provided for as of December 31, 2016. I think the explanation for the increase should address the reasons for which this impact may have been caused, rather than pointing out one operation in particular, since ultimately, El Brocal is part of Buenaventura.

## ENVIRONMENTAL MANAGEMENT

In 2017, we had a total of 45 environmental instruments, of which 16 are approved, 13 are currently being processed, and 16 are still being prepared. Formalities were performed for a total of 67 operating permits, of which 48 have been approved, 15 are currently being processed, and 4 are still being prepared. We mention this aspect because it reflects the great efforts that companies must make to meet the growing regulations and permits under national law. This specific aspect forced us to implement certain changes in the organization of the environmental area so we can more efficiently manage the permits and obligations required by our operations.

It is of the utmost importance that we ensure the proper management of water resources in all of our organization's activities. For this reason, we focus heavily on the recirculation and reuse of water, with an emphasis on metallurgical processes. We also continue working to increase the efficiency of our treatment systems to ensure the quality of our dumpings. As a result, during 2017, water recirculation totaled 96% in open pit mining processes and 77% in underground mining processes. On the other hand, we bolstered our participation in participative monitoring activities, which include the participation of regional, municipal, and community authorities.

A total of 50 key participative monitoring activities were performed (training, monitoring, dissemination of results) through 10 monitoring organizations (Monitoring Committees and Groups), and 120

community leaders were trained. This work has helped inspire greater trust among the residents who live near our operations, while also building local capacities in environmental aspects that we expect to benefit them and serve as an example for their own local economic activities.

In 2017, we obtained 21 authorizations for treatment systems: 10 for industrial dumping; 7 for domestic dumping; and 4 for drinking water systems. We also obtained 7 water use authorizations and 6 authorizations for the performance of minor works (hydraulic infrastructure, riverbank defenses, cleaning of the watercourse).

One of the most important processes in the development of mining projects is that of environmental closure. Over the last year, we made significant progress in our progressive mine closure works, including in our subsidiaries.

The provision for mine closures at our Operating Units and Exploration Projects was US\$ 200,183,000 for 2017, compared to US\$ 206,462,000 in 2016. Disbursements during 2017 totaled US\$ 23,292,000, and included revegetation programs, among others. It is important to highlight the importance the Company places on the research and development of techniques for environmental innovation projects focused on environmental sustainability.



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**50**

participative monitoring  
activities on water  
quality

# SOCIAL MANAGEMENT



We are convinced that mining can establish itself as a driver of change for the country and for the communities near our projects. That change will be sustainable in time if the community, its authorities, and the company work together as one, striving to achieve a common goal.

With this in mind, Buenaventura's Social Management has been aimed at two major objectives:

- » Maintain a cordial relationship, based on trust, with the communities in the area of influence of our operations.
- » Promote sustainable development with a view to Shared Social Responsibility.

With a view to achieving the first objective, and as part of our firm conviction regarding the importance of keeping local traditions and customs alive, we actively participate in our communities' traditions and activities. We also help promote activities that allow us to remain in touch with community members and continue to forge bonds of trust with them and their leaders. As a result of these efforts, in 2017 we participated in 295 activities organized by the communities, while ourselves organizing 357 activities with the participation of the communities.

Additionally, in keeping with our “open door” policy, we have carried out 436 communication activities, which are aimed at sharing information on our fieldwork and clearing up any doubts the population may have. These rapport-building and communications tasks include the participation of a number of people from different areas of our company, allowing for greater coordination in the work we do, to the benefit of everyone else.

As part of our commitment to promoting the sustainable development of the communities, we mainly seek to help drive growth in the local economy by creating formal jobs, hiring local companies, and strengthening and selling local production.

During 2017, 63% of the workforce hired at our units came from the regions where we operate. We also billed S/ 151.5 million with local companies for procurements and the contracting of support services for our operations.

At Buenaventura, we are convinced that we can contribute to our communities’ traditional economic activities, helping to bolster their productivity by mentoring producers, building capacities, and fostering business opportunities. The Buenaventura PRA is just one example of this.

This year, the Buenaventura PRA promoted 37 economic and social undertakings with the communities, helping to articulate 4,118 local producers and generate sales of S/ 16.1 million, thus creating a positive impact on local household economies.

Through the Company’s Shared Social Responsibility policy, Buenaventura is able to effectively help improve basic services and infrastructure.

We also contribute to improvements in health and education services, as well as access to high-quality infrastructure (water and sanitation, roads, and hydraulics), in alliance with different levels of government and local communities.

Thanks to these alliances, we have been able to help improve the health services and infrastructure in our units, as in the case of the annual campaign we organize together with the Peruvian American Medical Society (PAMS), the staff of the Public Health Network in the province of Angaraes, doctors from the Lircay Hospital, and students from the UDEA.

In 2017, as part of this campaign, local residents were given access to 1,100 appointments with specialists, including 23 surgeries for conditions such as harelip, cleft palate, foot malformations, and tumors. Improvements were also made to the infrastructure of the Lircay Hospital, along with the donation of telemedicine and anesthesia equipment.

## SOCIAL MANAGEMENT

Along these same lines, the El Tingo Health Center was inaugurated in Hualgayoc, in partnership with the Regional Government of Cajamarca, and studies are currently being conducted for three strategic health establishments in Oyón (Lima), Orcopampa (Arequipa), and Ichuña (Moquegua).

At Buenaventura, we are convinced of the importance of education in overcoming poverty. That is why we have continued with our goal of improving the quality of basic education, through our “Learn to Grow” (“Aprender para Crecer”) and “Teach Peru” (“Enseña Perú”) programs, which benefited over 3,000 students in more than 80 schools in our areas of influence in 2017. Our scholarship program, on the other hand, seeks to offer young people more opportunities to pursue higher education, including through the “Beca 18” program.

In terms of environmental management, thanks to our management and financing of the project profile and technical file, the Municipality of Orcopampa, home to 15,000 residents, will now have a modern solid waste treatment center funded with resources leveraged from the Foniprel.

This year, we will also begin construction of the Pisit High School, in the District of Tongod (Cajamarca), as well as the paving of 22,000 m<sup>2</sup> of roads in the District of Oyón (Lima), through the “works in exchange for taxes” mechanism.

At Buenaventura, we believe that mining can and should contribute to providing more water for the population and their production activities, along with all other users

of this resource. This is what we call the “Brotherhood of Water.”

As part of this conviction, in 2017 we aim to complete studies and obtain financing for the performance of comprehensive water and sanitation works in the populated centers of Colquijirca and Nuevo Smelterin the District of Tinyahuarco, in Pasco; the villages of La Zanja, San Lorenzo, and Gordillos in the Districts of Pulán and Calquis, in Cajamarca; Santa Cruz de Oyo, in the District of Ichuña, in Moquegua; and in the Districts of Orcopampa, in Arequipa, and Ccochaccasa, in Huancavelica.

As for water infrastructure works, this year we expect to obtain the approval of the technical files and the financing for the Fahuarpampa Project, which will transport 30 l/s for the irrigation of 60 ha, to the benefit of the population of Latica, in the District of Tapay (Arequipa); and the Mancancota Project, which will transport 85 l/s for the irrigation of 250 ha, to the benefit of the population of the District of Oyón (Lima). We will also move forward with the construction of the Huaruro Canal, in Tapay, which will transport 250 l/s for the irrigation of over 200 ha.



# ECONOMIC, FINANCIAL, AND CORPORATE MATTERS REPORT

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**Gold was the metal that accounted for the highest percentage of our sales, with**

**35%**

The Company's consolidated profit for fiscal year 2017 totaled US\$64.4 million, compared to a loss of US\$327.8 million in fiscal year 2016. The net loss in 2016 was mainly due to the results of our related company Minera Yanacocha.

On a consolidated basis, the metal that accounted for the highest percentage of our sales in 2017, in value terms, was gold, with 35%, followed by silver with 28%, copper with 18%, zinc with 13%, and lead with 6%.

During 2017, a number of actions were taken to improve our debt position. First of all, we refinanced our mature financial leases, reducing interest rates for Huanza and El Brocal. Buenaventura short-term debt position was also decreased, helped by the payment of the loan to the shareholders of Cerro Verde for US\$ 125 million, plus interest (granted in 2015), while the commercial and short-term debt at El Brocal was reprofiled, taking out a 3-year loan for US\$ 80 million. As a result, 2017 closed with a net debt-to-EBITDA ratio of 1.38x.



During 2017, the Company's cash position was affected by the delay in the start of commercial operations at Tambomayo. This led to increased working capital requirements, as well as the need for additional investments to stabilize the project.

As of December 31, 2017, we had 1,059 common shareholders. Of these, 23% were shareholders domiciled in Peru, while 77% were non-domiciled. We also had 899 shareholders with investment stock.

The capital stock and investment shares accounts as of December 31, 2017 totaled US\$ 750.5 million and US\$ 0.8 million, respectively, while the legal reserve was at US\$ 163 million. The Company's consolidated cumulative earnings to date total US\$ 1.728 billion.

The ADR program on the New York Stock Exchange (NYSE) reached a trade volume of US\$ 4.439 billion during 2017 (348 million ADSs).

**The consolidated earnings  
for fiscal year 2017 totaled**

**US\$ 64.4  
million**

# MANAGEMENT'S ANALYSIS AND DISCUSSION

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In fiscal year 2017, net sales  
of assets totaled

**US\$ 1,223,942**

The main variations in the consolidated financial statements for the twelve-month periods ending December 31, 2017 and 2016, are explained below:

(Figures given in U.S. dollars are expressed in thousands, except for metal prices and quantities)

## I. Net Sales

In fiscal year 2017, net sales of assets totaled US\$ 1,223,942, compared to sales of US\$ 1,015,670 in fiscal year 2016, representing an increase of 20.50%.





## Gold Sales

The average sale price of this metal rose from US\$ 1,244.24/ounce in 2016 to US\$ 1,267.56/ounce in 2017, representing a price increase of 1.87%. Gold sales were 49,364 ounces higher than in 2016. The combined effect meant revenues from sales that were US\$ 70,831 higher in 2017 than in 2016. The higher revenues were due to the combined effect of the increase in sales at the Tambomayo Unit by US\$80,796, as a consequence of the start of operations, and the drop in sales of production from our subsidiary La Zanja by US\$ 27,806, due mainly to the lower volume of ounces sold.

## Silver Sales

The average sale price of this metal dropped from US\$ 17.65/ounce in 2016 to US\$ 16.54/ounce in 2017, representing a price decrease of 6.29%. However, sales of silver were higher by 2,910,259 ounces compared to 2016. The combined effect was US\$ 23,786 more revenues from sales in 2017 compared to 2016. The higher revenues correspond to the combined effect of the increase in sales from the Tambomayo Unit by US\$ 27,285 as a consequence of the start of operations, and the US\$ 25,069 increase in sales from the Colquijirca Unit as a result of the higher volume sold, together with the decrease in sales from the Julcani Unit by US\$15,118, due mainly to the lower prices and volumes negotiated.

## Zinc Sales

The average sale price of this metal jumped from US\$ 2,266.85/MT in 2016 to US\$ 3,046.19/MT in 2017, representing a price increase of 34.38%. However, zinc sales were 1,105MT lower than in 2016. The combined effect was US\$ 45,598 more revenues from sales in 2017 than in 2016. The higher revenues correspond to the increase in sales from Colquijirca and Uchucchacua, which rose by US\$ 20,174 and US\$ 19,772, respectively, mainly due to higher prices and higher grades in the ore treated.

## Lead Sales

The average price of this metal fell from US\$2,745.80/MT in 2016 to US\$ 2,372.00/MT in 2017, representing a price decrease of 13.61%. However, sales of lead were 18,658 MT higher than in 2016. The combined effect was US\$ 36,265 more revenues from sales in 2017 than in 2016. The higher revenues correspond to the increased sales from Colquijirca and Uchucchacua, which rose by US\$ 20,307 and US\$ 15,962, respectively, due mainly to the higher tonnage produced and the higher grades in the ore treated.

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## MANAGEMENT'S ANALYSIS AND DISCUSSION

## Copper Sales

The average sale price of copper jumped from US\$ 4,918.51/MT in 2016 to US\$ 6,280.47/MT in 2017, representing a price increase of 27.69%. However, copper sales volumes were 2,918 MT lower than in 2016. The combined effect was sales revenues that were US\$ 43,878 higher in 2017 than in 2016. The higher revenues correspond to the increase in sales from the Colquijirca mining unit, which were US\$43,561 higher, due mainly to higher prices.

## Deductions

During 2017, deductions applied for *maquila* (tolling) and penalties on concentrate sales jointly totaled US\$ 253,939, compared to US\$ 244,414 in 2016. These amounts were deducted from the net sales for each year.

In fiscal year 2017, net sales of services totaled US\$ 29,697, compared to sales of US\$ 28,782 in fiscal year 2016, representing an increase of 3.18%. This variation is mainly explained by the net effect of the following factors:

## Insurance Brokerage Sales

In 2017, sales to third parties for this concept totaled US\$ 14,323 (US\$ 12,267 in 2016).

## Engineering Service Sales

In 2017, sales to third parties by Buenaventura Ingenieros S.A. (BISA) for this concept totaled US\$ 6,743 (US\$ 7,907 in 2016).

The average sale price for copper jumped to

**US\$ 6,280.47 / MT**  
in 2017

## MANAGEMENT'S ANALYSIS AND DISCUSSION

### II. Revenues from Royalties

In 2017, the royalties received by S.M.R.L. Chaupiloma Dos de Cajamarca (Chaupiloma) came to US\$ 20,739, a drop of 14.79% compared to those received in 2016 (US\$ 24,339). This decrease was due to the combined effect of lower silver prices and lower sales volumes of gold and silver from Yanacochaduring 2017 compared to 2016.

**In 2017, the royalties  
received by Chaupiloma Dos  
de Cajamarca totaled**

**US\$20,739,**  
a 14.79% decrease compared to  
those received in 2016

### III. Operating Costs

In 2017, operating costs totaled US\$ 980,254, compared to US\$ 824,973 for 2016, representing an increase of 18.82%. This increase was mainly due to the following line items:

#### Cost of Goods, Not Including Depreciation or Amortization

The "Cost of Goods" line item, not including depreciation or amortization, increased by US\$ 129,621, going from US\$ 497,812 in 2016 to US\$ 627,433 in 2017, which represents an increase of 26.04%. This rise was mainly due to: (i) US\$ 53,555 for the start of operations at the Tambomayo Unit; and (ii) US\$ 24,225 and US\$ 18,653 at the Uchucchacua and Orcopampa Units, due mainly to the higher tonnages produced.

#### Depreciation and Amortization

The "Depreciation and Amortization" line item increased by US\$ 21,075, going from US\$ 192,647 in 2016 to US\$ 213,722 in 2017, which represents an increase of 10.94%. This rise was due mainly to the net effect of: (i) a US\$ 42,789 increase due to the start of operations at Tambomayo; and (ii) a decrease of US\$ 19,157 at La Zanja resulting from the increase in its useful life.



## IV. Operating Expenditures

Operating expenditures rose by US\$ 76,986, going from US\$ 111,622 in 2016 to US\$ 188,608 in 2017, which represents an increase of 68.97%. This increase was mainly due to: (i) US\$ 21,620 due to a provision for the deterioration of long-term assets of the subsidiary La Zanja in 2017; (ii) US\$ 13,573 for the write-off of a deferred clearing cost at the El Brocal subsidiary due to a change in the operating design model of the clearing cost; and (iii) an increase of US\$ 13,314 in provisions.

## V. Other Revenues (Expenditures), Net

Other expenditures fell by US\$ 374,462, from US\$ 387,433 in 2016 to US\$ 12,971 in 2017, representing a decrease of 96.65%. This decrease is explained below:

### Net Share in the Results of Related Companies

This line item represented a loss of US\$ 365,321 in 2016, compared to a profit of US\$ 13,207 in 2017. The increase is primarily explained by a drop in the net loss of Minera Yanacocha S.R.L. by US\$ 379,013.

## MANAGEMENT'S ANALYSIS AND DISCUSSION

### VI. Provision for Income Tax

This line item comprises income tax, mining royalties, and the special mining tax.

#### Income Tax

This line item registered an expenditure of US\$ 12,797 for 2017, and an expenditure of US\$ 46,710 for 2016.

#### Mining Royalties and Special Mining Tax

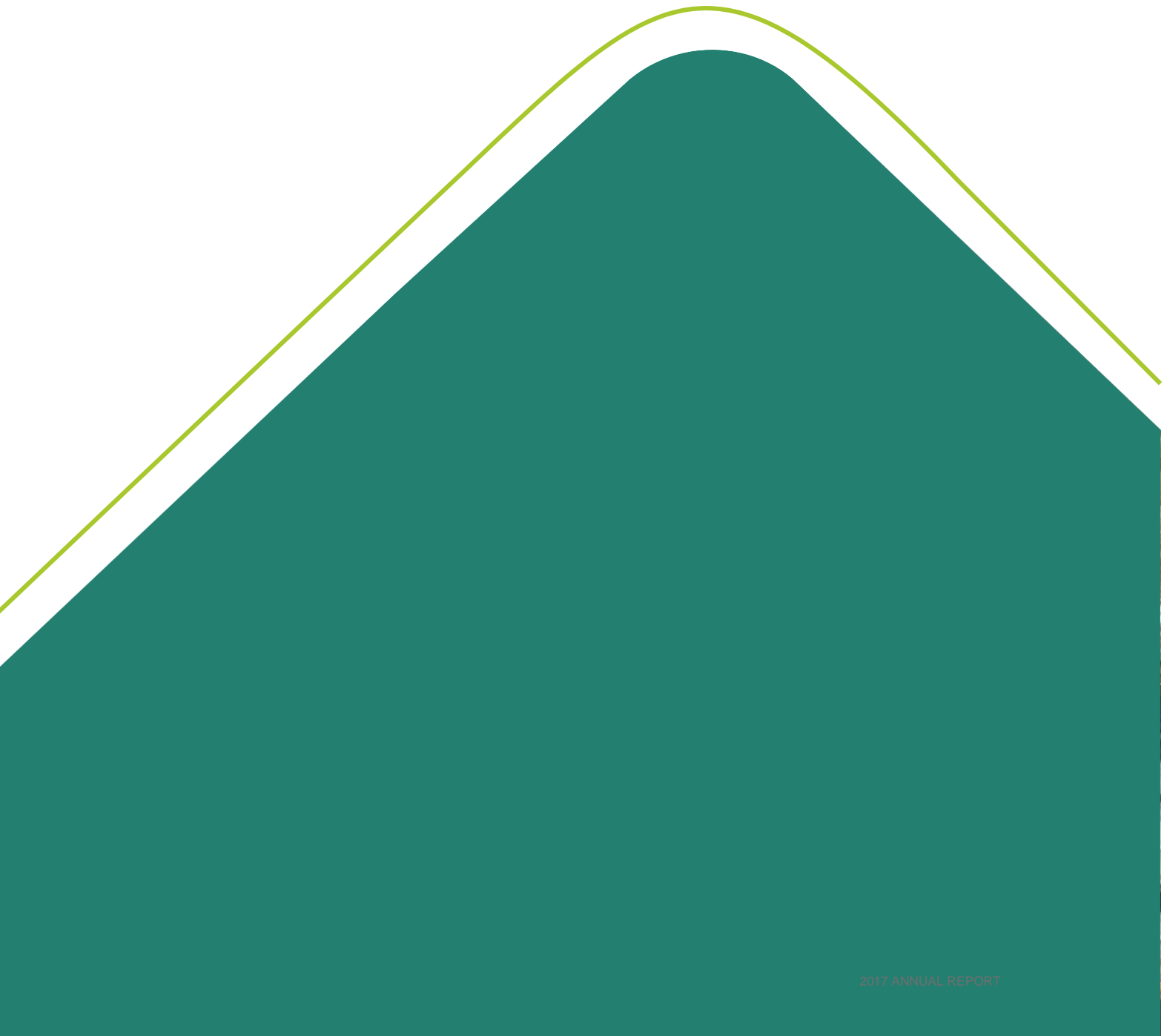
This line item exhibited an expenditure of US\$ 5,215 for 2017, and an expenditure of US\$ 6,794 for 2016.

### VII. Non-Controlling Interest

This line item showed a loss of US\$ 4,322 in 2016, compared to a profit of US\$ 3,612 in 2017. The decrease in this loss is primarily explained by the net effect of an increase in results of El Brocal (loss of US\$ 13,426 in 2016 compared to a profit of US\$ 4,246 in 2017); and a decrease in the net loss of Minera La Zanja S.R.L. by US\$8,348 (profit of US\$ 2,342 in 2016 compared to a loss of US\$ 6,006 in 2017).

## VIII. Declaration of Changes in Preparation and Review of Financial Information

During the year 2017 there have been no changes in the responsible (General Accountant or External Auditors) of the preparation and review of the financial information of the Company.



# MEMBERS OF THE MANAGEMENT

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## MANAGEMENT

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Victor Gobitz C.	General Manager	Since Jan. 2, 2017
Raúl Benavides G.	Vice President of Business Development	Since Jul. 1, 1997
Leandro García R.	Vice President of Finance and Adm.	Since Dec. 1, 2017
Igor Gonzales	Vice President of Operations	Since Nov. 1, 2014
Gonzalo Eyzaguirre T.	Vice President of Vice President of	Since Jul. 1, 2017
Alejandro Hermoza M.	Vice President of Soc. and Env. Affairs	Since Sep. 2, 2008
Oswaldo Cabrera R.	Information and Communications Technology Manager	
Pedro Torres T.	Accounting Manager	
Luz Campodónico A.	Internal Auditing Manager	
Daniel Domínguez V.	Logistics Manager	
Miguel Ángel de la Flor M.	Administration and Human Resources Manager	
Pedro Solís P.	Treasury and Sales Manager	
Gulnara La Rosa R.	Legal Manager	
Edgar Córdova M.	Social Affairs and Mine Property Manager	
Alan Angles A.	Sustainable Operations Projects Manager	



Julio Meza P.	Geology Manager
Juan Carlos Salazar C.	Explorations Manager
Carlos Rodríguez V.	Environmental Manager
Diego Angulo de A.	Planning Manager
Tomás Chaparro D.	Safety Manager
Sandro Arce V.	Asset Manager
Ricardo Huancaya D.	Operations Manager - Southern Region
Marco Oyanguren L.	Operations Manager - Central Region
Julio Rojas E.	Operations Manager - Northern Region
Luis de la Cruz R.	Northern Regional Manager
James León V.	Central Regional Manager
Rubén Valer C.	Project Manager - San Gabriel
Renzo Macher C.	Project Manager - Tambomayo
Augusto Bejarano V.	Director of Tax Accounting
Rosemarie Boltan A.	Regional Director of Environmental Management
Guillermo Chang C.	Director Financial and Process Auditing
Carlos Claux M.	Director of Social Responsibility and Development
Juan Collao G.	Director of Sales
Andres Condori B.	Director of Geology
Alan Cruz C.	Safety Director
Miguel Díaz R.	Director of Financial Accounting
Jorge Falla C.	Director of Permits and Obligations
Luis Fernandez de P.	Director of Regional Explorations
Alfredo Gallardo R.	Regional Director of Environmental Management
Rafael Guillén L.I.	Contract Management Director
Alex Lobo G.	Yanacocha Project Director
José Lopez La T.	Compliance Director
José Malca La F.	Legal Director
Fernando Mayor N.	Director of Compliance Auditing and Investigation
Freddy Meza P.	Director of Project Development
Fernando Ortíz De Zevallos M.	Director of Business Development
Alberto Peña A.	Director of Modeling and Resources
Cecilia Puga B.	Treasury Director

## MEMBERS OF THE MANAGEMENT

Ana María Rivera C.	Social Management Director
Exequiel Salazar C.	Procurements Director
Harry Silva N.	Project Control Director
Pablo Valladares H.	Regional Director of Environmental Management
Juan Carlos Vargas B.	Director of Labor Relations and Personnel Management
Julio Velásquez M.	Safety Director
Silvia Vicente L.	Director of ICT Information Systems
Manuel Villalobos B.	Director of Administrative Control - Mining Units
Juan Pablo Zoeger La H.	Director of Human Resources and Development

### UCHUCCHACUA

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Andres Osorio A.	Unit Manager
Juan Ayala L.	Plant Supervisor
Roger Ccahuana F.	Geology Supervisor
Fredy Macetas F.	Mine Supervisor
Neil Mendoya H.	Maintenance Supervisor
Jackson Arriola C.	Planning and Engineering Supervisor
Fabrizio Huerta L.	Project Supervisor
Julio Ugarte L.	Environmental Management Supervisor
Fredy Oscategui S.	Safety Supervisor
César Rondinelli Z.	Social Affairs Supervisor
Carlos Tovar A.	Administration Supervisor
Enrique Romero G.	Human Resources Supervisor
Julio Delgado Z.	Unit Accountant

### MALLAY

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Jose Luis Morán M.	Unit Manager
José Bacilio J.	Plant Supervisor
Dante Gavidia C.	Planning and Engineering Supervisor
Carlos Montes M.	Geology Supervisor
Jaime Jimenes T.	Mine Supervisor
Sabino Velásquez T.	Safety Supervisor
Rommer Mendoza R.	Head of Human Resources
Luis Yarma Y.	Unit Accountant

## ORCOPAMPA

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Marco Oyanguren L.	Unit Manager
Cristina Gutiérrez J.	Plant Supervisor
José Luis Aquino A.	Geology Supervisor
Heider Montoya E.	Mine Supervisor
Rommel Cotacallapa V.	General Maintenance Supervisor
Jorge Nakagawa Y.	Planning and Engineering Supervisor
Jimmy Gabriel E.	Environmental Management Supervisor
Dante Gallegos A.	Safety Supervisor
Walter Rondineli Z.	Social Affairs Supervisor
Edwin Chuquipul R.	Administration Supervisor
Víctor Orihuela V.	Human Resources Supervisor

## JULCANI

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José Luis Morán M.	Unit Manager
Juan Jesús Carlos B.	Geology Supervisor
Yackson Enrique Figueroa C.	Plant Supervisor
Marco López C.	Mine Supervisor
Iván Carhuaz Castro	Social Affairs Supervisor
Edgar Delgado M.	Environmental Management Supervisor
Fernando Dueñas A.	Safety Supervisor
Carlos Lara M.	Planning and Engineering Supervisor
Ciro López V.	Head of Human Resources

## LA ZANJA

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Víctor Medina Y.	Unit Manager
Walter Amaya A.	Geology Supervisor
Julian Muñoz. G.	Mine Supervisor
Robinson Paredes A.	Plant Supervisor
Percy Chávez R.	Planning and Engineering Supervisor
César Carrasco L.	Environmental Management Supervisor
Enver Carhuaz C.	Social Affairs Supervisor
David Reaño V.	Construction Supervisor
Hernando Saboya R.	Safety Supervisor

## MEMBERS OF THE MANAGEMENT

### COIMOLACHE

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Gary Chircca A.	Unit Manager
Percy Zamora D.	Geology Supervisor
Manuel Aranda V.	Mine Supervisor
Giancarlo Sarria I.	Administration Supervisor
Christian Dávila G.	Plant Supervisor
Ángel Francia M.	Human Resources Supervisor
Roni Flores C.	Unit Accountant

### TAMBOMAYO

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Julio Rojas E.	Unit Manager
Héctor Alzamora B.	Plant Supervisor
Edgar Roque O.	Mine Supervisor
Edwin Mendoza B.	Geology Supervisor
Christian Flores V.	Planning Supervisor
Fernando Guillén P.	General Maintenance Supervisor
Henry Arcos R.	Environmental Management Supervisor
Augusto Barboza V.	Commissioning/Construction Supervisor
Miguel Achata Y.	Safety Supervisor
Segundo Salazar S.	Social Affairs Supervisor
Esaud Saleh C.	Administration Supervisor
Percy Quea D.	Human Resources Supervisor

### CONENHUA

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Reynel Aspilcueta	Operations Manager
Julio Montoya G.	Business Manager

#### EL MOLLE VERDE

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Edgar Paico S.	Head of Construction
Miguel Pérez F.	Project Director
Edgardo Prado A.	Social Affairs Supervisor

#### RIO SECO

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Jaime Díaz Y.	Unit Manager
José Luis Lama M.	Plant Operations Supervisor
Sandra Medina Vega	Safety Supervisor
Martín Rodríguez S.	General Maintenance Supervisor
Manuel Ruiz C.	Administration Supervisor
Richard Villagaray S.	Head of Plant Processes

#### ANTAPITE

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Edgar Ruiz S.	Safety Supervisor
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#### BREAPAMPA

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Sandro Briceño V.	Safety Program Head
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#### SAN GABRIEL

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Mariella Nuñez H.	Social Affairs Supervisor
Gabriela Palomino L.	Environmental Management Supervisor
Fernando Remigio J.	Geology Supervisor
Rubén Fernández S.	Construction Supervisor
Gilmar Valenzuela S.	Mine Supervisor

# BACKGROUND OF THE MEMBERS OF THE BOARD OF DIRECTORS AND MANAGEMENT

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## **Roque Benavides, Chairman of the Board**

Received his degree in Civil Engineering from the Pontifical Catholic University of Peru (PUCP). Master of Business Administration from the Henley Business School at the University of Reading in the U.K. Completed the Management Development Program at the Harvard Business School and the Advanced Management Programme at Oxford University. He has worked at Buenaventura since 1977. On the board of 9 related companies, as well as the Banco de Crédito del Perú and UNACEM. He was previously President of the Peruvian Mining, Oil, and Energy Association (SNMPE), and is currently the President of the Peruvian Confederation of Private Business Institutions (CONFIEP).

## **Felipe Ortíz de Zevallos, Director**

Received his degree in Industrial Engineering from the National University of Engineering (UNI), and obtained his MSc in Administration and Systems from the University of Rochester. Graduated from the OPM Program at Harvard Business School. In addition to a range of academic and professional activities, he is the founder and president of the APOYO Group, created in 1977. He was previously the rector of Universidad del Pacífico (2004-2006) and Peruvian Ambassador to the United States from September 2006 to March 2009.



**José Miguel Morales,  
Director**

Attorney at law graduated from the Pontifical Catholic University of Peru (PUCP). Completed the Sloan Program at the Stanford University School of Business. Senior Attorney of the Company since 1970, and General Counsel from 1993 to 2010. He has been a Senior Partner at the Estudio Aurelio García Sayán law firm since 2007, and has worked for the firm since 1965. Director on the board of 5 related companies and various other companies not engaged in mining activities. He was previously the President of the Institute of Mining and Oil Law, the Peruvian Mining, Oil, and Energy Association, and the Peruvian Confederation of Private Business Institutions (CONFIEP). He currently the President of the Entrepreneurs for Education Association.

**Germán Suárez,  
Director**

Bachelor of Economics graduated from the National University of San Marcos (UNMSM). M.A. in Economics from Columbia University. He was previously Chairman of the Board of the Peruvian Central Reserve Bank, spending the bulk of his professional life with said entity. He was also President of the Banco de la Nación, a director of various companies, and governor to the IMF and IDB. He presided over the G-24 for IMF and World Bank affairs.

## BACKGROUND OF THE MEMBERS OF THE BOARD OF DIRECTORS AND MANAGEMENT

### **William Champion, Director**

Bachelor's Degree in Chemical Engineering and Biology from the University of Arizona. He has been a Member of the Board since January 2016. He is also a Director of Gladiator Mining Group LLC, a private mining investment company based in the United States. Over 40 years of executive, management, and operating experience in the mining sector. He worked at Rio Tinto PLC from 2002 to 2014 in different positions; was Managing Director of Rio Tinto Coal Australia, Managing Director of Rio Tinto Diamonds, and President and CEO of Kennecott Utah Copper. He also worked at Phelps Dodge Mining Company from 1984 to 1995, where he held different positions (President of Phelps Dodge Chile).

### **Diego de la Torre, Director**

Holds a Bachelor's Degree in Business Administration from the Universidad del Pacífico in Lima and an MBA from the London Business School in England. He is the cofounder and Chairman of the Board of La Viga y Quikrete Perú. He is a member of the advisory council of the David Rockefeller Center for Latin American Studies at Harvard University, and also writes a column on the economy for the newspaper El Comercio. He was a professor at the Universidad del Pacífico for twelve years, and a board member at many important companies and institutions, including Endeavor Perú, IPAE, and Perú 2021. Since 2005, he has been the President of the United Nations Global Compact Network in Peru. In 2013, he received the "Complete Businessperson" award from the Latin American Business Council (CEAL). Additionally, in 2015, he was selected as one of the Top 100 Leaders by AACSB International. He has been a board member of Buenaventura since 2017.





### **Igor Gonzalez, Director**

Chemical Engineer graduated from the San Antonio Abad del Cusco National University, with an MS in Metallurgy from the New Mexico Institute of Mining and Technology. He took part in the Advanced Management Programme at Henley Business School in the United Kingdom. He gained ample experience in the copper industry at Southern Perú Copper Corporation, and in the gold industry at Barrick Gold Corporation. He is currently also a Director of Hudbay Minerales Inc., Sierra Metals, and Sociedad Minera El Brocal S.A.A., where he has served since December 2015. He was also previously the Vice President of Operations at Buenaventura from 2014 to 2017.

### **Víctor Gobitz, General Manager**

General Manager of Buenaventura since January 2017. He has also been a Director of Sociedad Minera El Brocal since that same year. Previously, he was the CEO of Compañía Minera Milpo from 2013 to 2016, and General Manager and Director at Río Alto Mining (now Tahoe Resources); General Manager and Director at Castrovirreyna Compañía Minera; Operations Manager at Sociedad Minera El Brocal; and Assistant General Manager and Director at Volcan Compañía Minera. He is currently the President of the Peruvian Institute of Mining Engineers (IIMP), the Director of Gerens Business School, and a professor at the Pontifical Catholic University of Peru (PUCP). He has over 25 years of experience in operations and mining projects management. He graduated from the PUCP in 1986, and obtained his MBA from ESAN Business School in 1998, as well as pursuing specialized studies at the University of Pennsylvania's Wharton School (2005), and the Kellogg School of Management (2015).

## **BACKGROUND OF THE MEMBERS OF THE BOARD OF DIRECTORS AND MANAGEMENT**

### **Leandro García, Vice President of Finance and Administration**

Bachelor's Degree in Business Administration from Universidad del Pacífico, Bachelor's Degree in Accounting from the same university, and Master of Business Administration from the University of Miami in Florida. He completed the Advanced Management Program at Harvard Business School in 2017. He worked at Buenaventura from 1990 to 1997, where he held the position of Head of Treasury. He also worked at Sociedad Minera El Brocal as Finance Manager up until 2000. He was General Manager of Boticas BTL until 2005, and General Manager of Boticas Inkafarma until June 2011. He rejoined Buenaventura as Controller General in July 2011. He has been a Director of Química Suiza Retail, the business that manages the Mi Farma pharmacy chain, since January 2016.

### **Gonzalo Eyzaguirre, Vice President of Operations**

Mining Engineer graduated from the Pontifical Catholic University of Peru (PUCP). He obtained an MBA from the Schulich School of Business in Toronto, Canada, and took part in Harvard University's General Management Program. He has been the General Manager of Sociedad Minera El Brocal since October 2014. Prior to that, he was General Manager at Gold Fields La Cima in Cajamarca. He has also worked at other prestigious companies, including Yanacocha, among others. He became Vice President of Operations at Buenaventura in July 2017.



**Raúl Benavides,  
Vice President of Business  
Development**

Bachelor's Degree in Mining Engineering from the University of Missouri at Rolla, Master of Mining Administration from Pennsylvania State University, and completed the Advanced Management Program at Harvard Business School (AMP-160). He has served as President of the Peruvian Institute of Mining Engineers (IIMP), as well as being the founder and President of the Mining Safety Institute (ISEM). He is currently the President of the vocational mining school CETEMIN. He has worked at Buenaventura since 1980, and is a director of 11 related companies.

**Alejandro Hermoza,  
Vice President of Social and  
Environmental Affairs**

Mechanical Engineer graduated from the University of Maryland, with a Master's in Engineering from the same university and a Master's in Business Administration from the Peruvian University of Applied Sciences (UPC). He previously worked as Development Manager of the Peruvian Confederation of Private Business Institutions (CONFIEP) and has worked at Buenaventura since 2003, where he held the position of Community Relations Manager from 2008 to 2011; and Deputy Manager of Administration and Human Resources from 2003 to 2008. In 2011, he graduated from the Advanced Management Program at Harvard Business School (AMP).

# CORPORATE DETAILS

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## **Annual Report Issue Date:**

February 27, 2018

## **General Information on the Issuing Entity:**

Address: Las Begonias 415, Piso 19, San Isidro, Lima 27, Peru

Phone: (511)419-2500 Fax: (511)419-2502

## **Website:**

[www.buenaventura.com](http://www.buenaventura.com)

## **Incorporation:**

Incorporated by virtue of the Notarially Recorded Instrument dated September 7, 1959, granted before Hugo Magill Diez Canseco, Notary Public. Registered in Filing Card No. 2287 of the Book of Corporations and Other Legal Entities of the Mining Registry in and for Lima, cross-referenced with Filing Card No. 02136988 of the Registry of Companies of the Public Records Office in and for Lima.

## **Description of Operations and Development:**

ISIC 1320: Mining of non-ferrous metal ores, except uranium and thorium ores

## **Company's Existence:**

Perpetual



**B**UENAVENTURA