

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

Unaudited interim consolidated financial statements as of March 31,
2018 and 2017 and for the three-month period then ended

Report on review of interim consolidated financial statements

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

Introduction

We have reviewed the accompanying interim consolidated financial statements of Compañía de Minas Buenaventura S.A.A. (a Peruvian public corporation) and Subsidiaries (together the "Group"), which comprise the interim consolidated statements of financial position as of March 31, 2018 and the interim consolidated statements of profit or loss, of comprehensive income, of changes in equity, and of cash flows for the three-month periods ended March 31, 2018 and 2017, and explanatory notes. The Group's Management is responsible for the preparation and presentation of these interim consolidated financial statements in accordance with IAS 34 "Interim Financial Reporting" (IAS 34). Our responsibility is to express a conclusion on these interim consolidated financial statements based on our review.

Scope of review

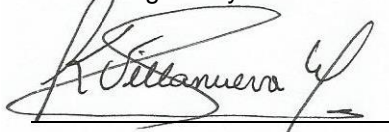
We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Auditing Standards approved in Peru by the Board of Deans of the Peruvian Charter of Accountants and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Lima, Peru
April 26, 2018

Countersigned by:



Katherine Villanueva
C.P.C.C. Register N° 36982

Paredes, Burga & Asociados

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

Consolidated statements of financial position

As of March 31, 2018 (unaudited) and December 31, 2017 (audited)

	Note	2018 US\$(000)	2017 US\$(000)
Assets			
Current assets			
Cash and cash equivalents	3	258,227	214,551
Trade and other receivables, net	4(a)	325,277	314,308
Inventories, net	5(a)	146,790	132,287
Income tax credit		12,981	23,165
Prepaid expenses		14,314	17,551
		<u>757,589</u>	<u>701,862</u>
Non-current assets			
Trade and other receivables, net	4(a)	38,565	44,191
Inventories, net	5(a)	4,664	3,238
Income tax credit		3,428	3,413
Investments in associates	6(a)	1,512,227	1,536,887
Mining concessions, development costs, property, plant and equipment, net	7(a)	1,920,348	1,949,555
Investment properties, net		255	222
Deferred income tax asset, net		28,811	43,129
Prepaid expenses		27,304	27,555
Other assets		20,373	22,761
		<u>3,555,975</u>	<u>3,630,951</u>
Total assets		<u>4,313,564</u>	<u>4,332,813</u>
Liabilities and shareholders' equity, net			
Current liabilities			
Bank loans	8	45,000	96,215
Trade and other payables		203,759	233,355
Provisions		77,193	76,847
Income tax payable		1,739	2,081
Financial obligations	9(a)	45,583	83,991
Hedge derivative financial instruments		2,723	28,705
		<u>375,997</u>	<u>521,194</u>
Non-current liabilities			
Bank loans	8	50,000	-
Trade and other payables		702	663
Provisions		170,802	164,877
Financial obligations	9(a)	577,797	549,092
Contingent consideration liability		17,570	17,570
Deferred income tax liabilities, net		16,966	15,790
		<u>833,837</u>	<u>747,992</u>
Total liabilities		<u>1,209,834</u>	<u>1,269,186</u>
Shareholders' equity, net			
Capital stock		750,497	750,497
Investment shares		791	791
Additional paid-in capital		218,450	218,450
Legal reserve		163,071	163,071
Other reserves		269	269
Retained earnings		1,749,711	1,728,847
Other reserves of equity		(3,058)	(13,888)
		<u>2,879,731</u>	<u>2,848,037</u>
Shareholders' equity, net attributable to owners of the parent		2,879,731	2,848,037
Non-controlling interest		223,999	215,590
Total shareholders' equity, net		<u>3,103,730</u>	<u>3,063,627</u>
Total liabilities and shareholders' equity, net		<u>4,313,564</u>	<u>4,332,813</u>

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

Interim consolidated statements of profit or loss (unaudited)

For the three-month period ended March 31, 2018 and 2017

	Note	2018 US\$(000)	2017 US\$(000)
Continuing operations			
Operating income			
Net sales of goods	11	306,756	266,289
Net sales of services	11	5,763	6,503
Royalty income	15(a)	4,419	5,470
Total operating income		<u>316,938</u>	<u>278,262</u>
Operating costs			
Cost of sales of goods, excluding depreciation and amortization	12	(148,585)	(136,607)
Cost of services, excluding depreciation and amortization		(2,010)	(4,713)
Exploration in operating units		(22,769)	(20,986)
Depreciation and amortization		(53,809)	(42,754)
Mining royalties		(6,395)	(6,358)
Total operating costs		<u>(233,568)</u>	<u>(211,418)</u>
Gross profit		<u>83,370</u>	<u>66,844</u>
Operating expenses, net			
Administrative expenses		(25,045)	(21,114)
Reversal (provision) for contingencies	13	1,475	(12,499)
Selling expenses		(5,997)	(4,313)
Exploration in non-operating areas		(6,767)	(2,293)
Other, net		(5,742)	(1,409)
Total operating expenses, net		<u>(42,076)</u>	<u>(41,628)</u>
Operating profit		<u>41,294</u>	<u>25,216</u>
Other income, net			
Share in the results of associates	6(b)	14,803	44,864
Net gain from currency exchange difference		665	3,003
Financial income		1,130	1,291
Financial costs		(8,684)	(7,159)
Total other income, net		<u>7,914</u>	<u>41,999</u>
Profit before income tax		<u>49,208</u>	<u>67,215</u>
Current income tax	14	(10,217)	(6,260)
Deferred income tax	14	(7,234)	9,719
Profit from continuing operations		<u>31,757</u>	<u>70,674</u>
Discontinued operations			
Profit from discontinued operations		(931)	5,576
Net profit		<u>30,826</u>	<u>76,250</u>
Attributable to:			
Owners of the parent		28,418	70,696
Non-controlling interest		2,408	5,554
		<u>30,826</u>	<u>76,250</u>
Basic and diluted profit per share attributable to equity holders of the parent, stated in U.S. dollars			
		<u>0.11</u>	<u>0.28</u>
Profit for continuing operations, basic and diluted per share attributable to equity holders of the parent, expressed in U.S. dollars			
		<u>0.12</u>	<u>0.26</u>

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

Interim consolidated statements of other comprehensive income (unaudited)

For the three-month period ended March 31, 2018 and 2017

	2018 US\$(000)	2017 US\$(000)
Net profit	<u>30,826</u>	<u>76,250</u>
Other comprehensive income of the period:		
Other comprehensive income to be reclassified to profit or loss in subsequent periods		
Unrealized results on investments	588	192
Net change in unrealized gain on cash flow hedges	25,083	2,075
Income tax effect	<u>(7,400)</u>	<u>(840)</u>
	<u>18,271</u>	<u>1,427</u>
Other comprehensive income of the period	<u>49,097</u>	<u>77,677</u>
Attributable to:		
Owners of the parent	39,248	72,321
Non-controlling interest	<u>9,849</u>	<u>5,356</u>
	<u>49,097</u>	<u>77,677</u>

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

Interim consolidated statements of changes in shareholders' equity (unaudited)

For the three-month period ended March 31, 2018 and 2017

	Attributable to equity holders of the parent										
	Capital stock, net of treasury shares								Total US\$(000)	Non- controlling interest US\$(000)	Total shareholders' equity, net US\$(000)
	Number of shares outstanding	Common shares US\$(000)	Investment shares US\$(000)	Additional paid-in capital US\$(000)	Legal reserve US\$(000)	Other reserves US\$(000)	Retained earnings US\$(000)	Other reserves of equity US\$(000)			
As of January 1, 2017	253,715,190	750,497	791	218,450	162,744	269	1,690,123	(1,783)	2,821,091	226,122	3,047,213
Net profit	-	-	-	-	-	-	70,696	-	70,696	5,554	76,250
Other comprehensive loss	-	-	-	-	-	-	-	1,625	1,625	(198)	1,427
Total other comprehensive income (loss)	-	-	-	-	-	-	70,696	1,625	72,321	5,356	77,677
Dividends declared and paid, note 10	-	-	-	-	-	-	(14,479)	-	(14,479)	(1,660)	(16,139)
Expired dividends	-	-	-	-	327	-	-	-	327	-	327
As of March 31, 2017	253,715,190	750,497	791	218,450	163,071	269	1,746,340	(158)	2,879,260	229,818	3,109,078
As of January 1, 2018	253,715,190	750,497	791	218,450	163,071	269	1,728,847	(13,888)	2,848,037	215,590	3,063,627
Net profit	-	-	-	-	-	-	28,418	-	28,418	2,408	30,826
Other comprehensive loss	-	-	-	-	-	-	-	10,830	10,830	7,441	18,271
Total other comprehensive income	-	-	-	-	-	-	28,418	10,830	39,248	9,849	49,097
Dividends declared and note paid, note 10	-	-	-	-	-	-	(7,554)	-	(7,554)	(1,440)	(8,994)
As of March 31, 2018	253,715,190	750,497	791	218,450	163,071	269	1,749,711	(3,058)	2,879,731	223,999	3,103,730

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

Interim consolidated statements of cash flows (unaudited)

For the three-month period ended March 31, 2018 and 2017

	Note	2018 US\$(000)	2017 US\$(000)
Operating activities			
Proceeds from sales		329,843	255,316
Value added tax recovered		37,670	7,938
Royalty received		5,276	6,209
Proceeds from dividends	16(a)	3,431	3,073
Interest received		131	961
Payments to suppliers and third-parties		(230,788)	(189,653)
Payments to employees		(50,007)	(42,720)
Payments of income taxes		(7,331)	(11,434)
Payments of interest		(5,999)	(5,937)
Payment of mining royalties		(4,343)	(4,379)
Net cash and cash equivalents provided by operating activities		<u>77,883</u>	<u>19,374</u>
Investing activities			
Proceeds from sales of mining concessions, property, plant and equipment		46	6,571
Proceeds from loan to third parties	15(a)	-	17,680
Acquisitions of mining concessions, development costs, property, plant and equipment	7	(21,188)	(81,612)
Acquisitions of other assets		(662)	-
Net cash and cash equivalents used in investing activities		<u>(21,804)</u>	<u>(57,361)</u>
Financing activities			
Proceeds from bank loans		80,000	165,000
Payments of bank loans		(81,215)	(30,000)
Payments of financial obligations		(9,996)	(3,613)
Increase of restricted bank accounts	4	248	(1,691)
Dividends paid to non-controlling interest		(1,440)	(1,669)
Net cash and cash equivalents (used in) provided by financing activities		<u>(12,403)</u>	<u>128,027</u>
Net increase in cash and cash equivalents during the period, net		43,676	90,040
Cash and cash equivalents at beginning of period		214,551	80,544
Cash and cash equivalents at period-end	3	<u>258,227</u>	<u>170,584</u>

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

Notes to the interim consolidated financial statements (unaudited)

As of March 31, 2018 and 2017

1. Identification and business activity

(a) Identification -

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

(b) Business activity -

The Company and its subsidiaries (hereinafter “the Group”), directly or associated with third parties, are principally engaged in the exploration, mining, concentration, smelting and marketing of polymetallic ores and metals.

As of March 31, 2018, the Group operates directly five operating mining units in Peru (Uchucchacua, Orcopampa, Julcani, Mallay and Tambomayo), two mining units with discontinued operations (Poracota and Shila-Paula) and one mining unit under development stage (San Gabriel). In addition, the Group has a controlling interest in Sociedad Minera El Brocal S.A.A. (hereinafter “El Brocal”), which operates the Colquijirca mining unit; Minera La Zanja S.R.L. (hereinafter “La Zanja”), which operates La Zanja mining unit; El Molle Verde S.A.C. (hereinafter “Molle Verde”) which operates Trapiche, a mining unit at the development stage; and other entities dedicated to energy generation and transmission services, construction and engineering services and other activities. All these activities are carried out in Peru.

2. Basis for preparation, consolidation and accounting policies

2.1. Basis of preparation and presentation -

The unaudited interim consolidated financial statements have been prepared and presented in accordance with IAS 34 - “Interim Financial Reporting”, as issued by the International Accounting Standards Board (hereinafter “IASB”).

The unaudited interim consolidated financial statements have been prepared on a historical cost basis, from the accounting records of the Group, except for financial assets and liabilities at fair value through profit or loss.

The unaudited interim consolidated financial statements are stated in U.S. dollars and all values have been rounded to the nearest thousands, except when otherwise indicated.

The unaudited interim consolidated financial statements provide comparative information for prior periods, however, do not include all information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group’s audited consolidated financial statements as of December 31, 2017 and for the year then ended.

Notes to the interim consolidated financial statements (unaudited)

(continued)

2.2. New standards and interpretations adopted by the Group -

The accounting policies used by the Group for the preparation of the consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements as of December 31, 2017 and for the year then ended.

Certain standards and amendments apply from January 1, 2018, however, they did not impact the unaudited interim consolidated financial statements of the Group as of March 31, 2018 and, therefore, they have not been disclosed. The Group has not early adopted any standard, interpretation or modification issued and not yet effective.

3. Cash and cash equivalents

This caption is made up as follow:

	As of March 31 2018	As of December 31, 2017
	US\$(000)	US\$(000)
Cash	389	327
Bank accounts (i)	50,838	51,953
Time deposits (ii)	207,000	162,271
	<u>258,227</u>	<u>214,551</u>

(i) Banks accounts are freely available and earn interest at floating rates based on market rates.

(ii) As of March 31, 2018 and December 31, 2017, time deposits were kept in prime financial institutions, which generated interest at annual market rates and had original maturities of less than 90 days, according to the immediate cash needs of the Group.

Notes to the interim consolidated financial statements (unaudited)

(continued)

4. Trade and other receivables, net

(a) This caption is made up as follows:

	As of March 31 2018 US\$(000)	As of December 31, 2017 US\$(000)
Trade receivables, net		
Domestic and foreign clients	221,635	221,507
Embedded derivatives for sale of concentrate	(1,816)	7,424
Related entities, note 15(b)	6,778	7,348
Allowance for doubtful accounts (b)	(22,651)	(22,823)
	<u>203,946</u>	<u>213,456</u>
Other receivables		
Value added tax credit	59,490	74,785
Related entities, note 15(b)	39,183	732
Other receivables to third parties	24,380	27,406
Refund application of value added tax	18,101	18,450
Tax deposits	8,503	9,733
Claims to Tax Administration	5,158	2,752
Claims to third parties	4,379	3,851
Restricted bank accounts	2,620	2,372
Accounts receivable from hedge instruments	2,300	2,300
Due from for sales of assets	1,041	5,371
Other minor	4,217	6,652
Allowance for doubtful accounts (b)	(9,476)	(9,361)
	<u>159,896</u>	<u>145,043</u>
Total trade and other receivables, net	<u>363,842</u>	<u>358,499</u>
Classification by maturity:		
Current portion	325,277	314,308
Non-current portion	38,565	44,191
	<u>363,842</u>	<u>358,499</u>
Total trade and other receivables, net	<u>363,842</u>	<u>358,499</u>
Classification by nature:		
Financial receivables	281,093	262,512
Non-financial receivables	82,749	95,987
	<u>363,842</u>	<u>358,499</u>
Total trade and other receivables, net	<u>363,842</u>	<u>358,499</u>

(b) In the opinion of Group's Management, allowance for doubtful accounts' balance is sufficient to cover adequately the risks of failure to date of the interim consolidated statements of financial position.

Notes to the interim consolidated financial statements (unaudited)

(continued)

5. Inventory, net

(a) This caption is made up as follows:

	As of March 31 2018	As of December 31, 2017
	US\$(000)	US\$(000)
Finished goods	10,818	6,151
Products in process	64,985	56,190
Spare parts and supplies	87,096	84,787
	<u>162,899</u>	<u>147,128</u>
Provision for impairment of value of inventory (b)	(11,445)	(11,603)
	<u>151,454</u>	<u>135,525</u>
Classification by use:		
Current portion	146,790	132,287
Non-current portion	4,664	3,238
	<u>151,454</u>	<u>135,525</u>

(b) In the opinion of Group's Management, the provision for impairment of value of inventories is sufficient to cover adequately the risks of obsolescence and slow movement of this caption to the date of the interim consolidated statements of financial position.

6. Investments in associates

(a) This caption is made up as follows:

	<u>Share in equity</u>	As of March 31 2018	As of December 31, 2017
	2018 - 2017	US\$(000)	US\$(000)
	%		
Sociedad Minera Cerro Verde S.A.A.	19.584	1,111,930	1,124,008
Minera Yanacocha S.R.L.	45.95	310,371	324,861
Compañía Minera Coimolache S.A.	40.095	85,313	86,183
Other minor investments		4,613	1,835
		<u>1,512,227</u>	<u>1,536,887</u>

Notes to the interim consolidated financial statements (unaudited)

(continued)

- (b) The table below presents the net share in profit (loss) of associates for the three-month period ended March 31, 2018 and 2017:

	2018 US\$(000)	2017 US\$(000)
Sociedad Minera Cerro Verde S.A.A.	27,091	36,042
Compañía Minera Coimolache S.A.	2,561	4,265
Minera Yanacocha S.R.L.	(14,849)	4,557
	<u>14,803</u>	<u>44,864</u>

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

- (a) This caption is made up as follows:

	Cost US\$(000)	Accumulated depreciation / amortization US\$(000)	Provision for impairment of long-lived assets US\$(000)	Net cost US\$(000)
As of January 1, 2018	3,596,342	(1,611,982)	(34,805)	1,949,555
Additions	30,140	(50,744)	-	(20,604)
Reclassifications	(907)	(7,600)	-	(8,507)
Disposals / Sales	(1,255)	1,159	-	(96)
As of March 31, 2018	<u>3,624,320</u>	<u>(1,669,167)</u>	<u>(34,805)</u>	<u>1,920,348</u>
As of January 1, 2017	3,501,216	(1,510,809)	(30,382)	1,960,025
Additions (b)	89,250	(48,739)	-	40,511
Reclassifications	5,024	-	-	5,024
Disposals / Sales	(87,976)	74,980	10,133	(2,863)
As of March 31, 2017	<u>3,507,514</u>	<u>(1,484,568)</u>	<u>(20,249)</u>	<u>2,002,697</u>

- (b) During the first quarter 2017, the main additions are related to construction and assembly of the plant of the ramp-up stage mining unit of Tambomayo for approximately US\$59.0 million, which started its commercial operations during the third quarter of 2017.

8. Bank loans

As of March 31, 2018, the Group maintains bank loans amounting to US\$95.0 million (US\$45.0 million and US\$50.0 million current and noncurrent portion, respectively), which were obtained for working capital purposes, have current maturity and accrue interest at market annual rates ranging from 2.0% and 2.7% (as of December 31, 2017, the Group held a loan of US\$96.2 million, which accrued interest at market annual rates ranging from 1.15% to 6.85%). These bank loans have no guarantees.

Notes to the interim consolidated financial statements (unaudited)

(continued)

9. Financial obligations

(a) This caption is made up as follow:

	As of March 31 2018 US\$(000)	As of December 31, 2017 US\$(000)
Compañía de Minas Buenaventura S.A.A. (c)		
BBVA Banco Continental	61,667	61,667
Banco de Crédito del Perú	61,667	61,667
CorpBanca New York Branch	61,666	61,666
Banco Internacional del Perú	30,000	30,000
ICBC Perú Bank	25,000	25,000
Banco Latinoamericano de Comercio Exterior S.A.	20,000	20,000
Banco de Sabadell, Miami Branch	15,000	15,000
	<hr/>	<hr/>
	275,000	275,000
Debt issuance costs	(2,252)	(2,425)
	<hr/>	<hr/>
	272,748	272,575
Sociedad Minera El Brocal S.A.A.		
Banco de Crédito del Perú – Leaseback	113,221	119,464
Debt issuance costs	(1,257)	(1,377)
	<hr/>	<hr/>
	111,964	118,087
Mid-term financial obligation	80,000	80,000
	<hr/>	<hr/>
	191,964	198,087
Empresa de Generación Huanza S.A.		
Banco de Crédito del Perú – Finance lease	158,664	162,411
Contacto Corredores de Seguros S.A.		
BBVA Banco Continental – Finance lease	4	10
	<hr/>	<hr/>
Total financial obligations	623,380	633,083
Classification by maturity:		
Current portion	45,583	83,991
Non-current portion (b)	577,797	549,092
	<hr/>	<hr/>
Total financial obligations	623,380	633,083
	<hr/>	<hr/>

The compliance with the clauses described in the annual audited report is overseen by the Group's Management. As of March 31, 2018, the Group complies with the financial ratios agreed with the banks indicated in paragraph (a).

Notes to the interim consolidated financial statements (unaudited)

(continued)

- (b) The non-current portion of the financial obligations held by the Group matures as follows:

Year	As of March 31	As of December
	2018 US\$(000)	31, 2017 US\$(000)
Between 1 to 2 years	46,634	125,215
Between 2 to 5 years	534,672	427,680
	<hr/>	<hr/>
	581,306	552,895
Debt issuance costs	(3,509)	(3,803)
	<hr/>	<hr/>
	577,797	549,092

- (c) On March 28, 2018, the Company restructured its financial obligation by modifying some of the clauses as follows:

- Annual interest rate: Libor of three months plus 2.15% (3% as of December 31, 2017).
- Term: 4 years from April 2018, due in April 2022 (as of December 31, 2017, they were 5 years as of June 30, 2016, with final maturity on June 30, 2021).
- Amortization of credit: 5 semi-annual installments of US\$55 million each since as of April 2020 (as of December 31, 2017 were 6 semi-annual installments of US\$39,285,714 as of July 2018 and a final installment of US\$39,285,716 in June of 2021).

10. Dividends declared and not paid

By means of Mandatory Annual Shareholders' Meeting held on March 27, 2018, a distribution of dividends was approved for US\$0.03 per share, equivalent to US\$8,269,037 (US\$7,554,000 net of treasury shares), which are not paid as of March 31, 2018.

During the first quarter of 2017, By means of Mandatory Annual Shareholders' Meeting held on March 28, 2017, a distribution of dividends was approved for US\$0.057 per share, equivalent to US\$15,711,000 (US\$14,479,000 net of treasury shares).

Notes to the interim consolidated financial statements (unaudited)

(continued)

11. Net sales

The table below presents the detail of net sales by metal for the three-month period ended March 31, 2018 and 2017:

	2018 US\$(000)	2017 US\$(000)
Sales by metal		
Gold	126,511	96,412
Silver	95,129	99,864
Copper	67,840	58,962
Zinc	60,609	48,383
Lead	21,101	22,257
Manganese sulfate	1,138	2,247
	<u>372,328</u>	<u>328,125</u>
Commercial deductions	(49,894)	(66,155)
Adjustments to current period liquidations	1,936	4,597
Embedded derivatives from sale of concentrate	(9,079)	5,669
Hedge operations	(8,535)	(5,947)
	<u>306,756</u>	<u>266,289</u>
Net sales of goods	<u>306,756</u>	<u>266,289</u>
Net sales of services	<u>5,763</u>	<u>6,503</u>
	<u><u>312,519</u></u>	<u><u>272,792</u></u>

12. Cost of sales, excluding depreciation and amortization

The cost of sales of goods is made up as follows:

	2018 US\$(000)	2017 US\$(000)
Beginning balance of finished goods and products in process, net of depreciation and amortization	<u>37,640</u>	<u>46,971</u>
Cost of production:		
Services provided by third parties	57,844	56,529
Consumption of materials and supplies	36,472	28,568
Direct labor	27,735	21,839
Electricity and water	12,551	10,527
Rentals	6,685	3,735
Transport	6,486	2,769
Maintenance and repair	4,573	5,735
Insurances	2,874	1,114
Cost of concentrate purchased from associate	-	426
Reversal for impairment of finished goods and product in progress	(160)	(1,664)
Other production expenses	2,403	4,297
	<u>157,463</u>	<u>133,875</u>
Total cost of production of the period	<u>157,463</u>	<u>133,875</u>
Final balance of products in process and finished goods, net of depreciation and amortization	<u>(46,518)</u>	<u>(44,239)</u>
	<u>(46,518)</u>	<u>(44,239)</u>
Cost of sales of goods, excluding depreciation and amortization	<u><u>148,585</u></u>	<u><u>136,607</u></u>

Notes to the interim consolidated financial statements (unaudited)

(continued)

13. Provision for contingencies

During 2018, reversals to the provision were made as a result of negotiations in the Group's units for approximately US\$1,602,000 (during 2017, a provision for obligations with the communities by US\$11,597,000 was recorded).

14. Income taxes

(a) Below is a reconciliation of tax expense and the accounting profit (loss) multiplied by the statutory tax rate:

	2018 US\$(000)	2017 US\$(000)
Profit before income tax for continued operations	49,208	67,215
Profit (loss) for discontinued operations	(931)	5,576
Profit before income tax	<u>48,277</u>	<u>72,791</u>
Theoretical loss for income tax	14,242	21,473
Permanent items and others:		
Share in the results of associates	(4,367)	(13,235)
Effect of translation into U.S. dollars	(572)	(14,944)
Permanent items	4,175	1,413
Mining royalties and special mining tax	1,350	669
Income tax benefit (loss)	<u>14,828</u>	<u>(4,624)</u>
Mining Royalties and Special Mining Tax	<u>2,623</u>	<u>1,165</u>
Total income tax	<u><u>17,451</u></u>	<u><u>(3,459)</u></u>

(b) As of March 31, 2018, no changes have occurred in the open tax processes of the Group compared to the ones disclosed in note 28 of the consolidated annual financial statements as of December 31, 2017.

(c) The following is the composition of the provision for income taxes shown in the consolidated statement of income for the years 2018 and 2017:

	2018 US\$(000)	2017 US\$(000)
Income tax		
Current	(10,217)	(6,260)
Current	<u>(7,234)</u>	<u>9,719</u>
Total income tax	<u><u>(17,451)</u></u>	<u><u>3,459</u></u>

Notes to the interim consolidated financial statements (unaudited)

(continued)

15. Related parties transactions

- (a) Main transactions made by the Group with its associates during the three-month period ended March 31, 2018 and 2017 are presented below:

	2018 US\$(000)	2017 US\$(000)
Incomes:		
Royalties	4,419	5,470
Sales:		
Energy	588	418
Mineral	309	407
Purchase:		
Supplies	28	10
Services provided:		
Administrative and management services	483	535
Engineering services	293	258
Electric power transmission	77	253
Dividends received by and not collect:		
Sociedad Minera Cerro Verde S.A.A.	39,169	-
Dividends received by and collect:		
Compañía Minera Coimolache S.A.	3,431	3,073
Interest received from:		
Sociedad Minera Cerro Verde S.A.A.	-	959
Loans collected:		
Sociedad Minera Cerro Verde S.A.A.	-	17,680

Notes to the interim consolidated financial statements (unaudited)

(continued)

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

	As of March 31, 2018	As of December 31, 2017
	US\$(000)	US\$(000)
Trade and other receivables, note 4(a) -		
Trade		
Minera Yanacocha S.R.L.	6,286	6,740
Compañía Minera Coimolache S.A.	490	592
Sociedad Minera Cerro Verde S.A.A.	2	16
	<u>6,778</u>	<u>7,348</u>
Other		
Sociedad Minera Cerro Verde S.A.A. (c)	39,169	-
Compañía Minera Coimolache S.A.	14	732
	<u>39,183</u>	<u>732</u>
Total trade and other receivables, net	<u>45,961</u>	<u>8,080</u>
Trade and other payables -		
Trade		
Compañía Minera Coimolache S.A.	58	15
	<u>58</u>	<u>15</u>
Other payables		
Compañía Minera Coimolache S.A.	-	42
Other	54	20
	<u>54</u>	<u>62</u>
Total trade and other receivables, net	<u>112</u>	<u>77</u>

- (c) On March 23, 2018, the Mandatory Annual Shareholders' Meeting of Sociedad Minera Cerro Verde S.A.A. approved the Board's proposal to distribute cash dividends to the Company, in proportion to its shareholding for US\$39,168,939, which corresponds to the results accumulated as of December 31, 2017, which will be collected on April 24, 2018.

Notes to the interim consolidated financial statements (unaudited)

(continued)

16. Disclosure of information on segments

Management has determined its operating segments based on reports that the Group's Chief Operating Decision Maker (CODM) uses for making decisions. The Group is organized into business units based on its products and services, activities and geographic locations. The broad categories of the Group's business units are:

- Production and sale of minerals.
- Exploration and development activities.
- Construction and engineering services.
- Energy generation and transmission services.
- Insurance brokerage.
- Rental of mining concessions.
- Holding of investment in shares (mainly in the associate company Minera Yanacocha S.R.L. and the Group's subsidiary S.M.R.L. Chaupiloma Dos de Cajamarca).
- Industrial activities.

The CODM monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the Group's consolidated financial statements. Also, the Group's financing and income taxes are managed at the corporate level and are not allocated to the operating segments.

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

	Uchucchacua	Orcopampa	Julcani	Mallay	Tambomayo	Colquijirca	La Zanja	Exploration and development	Energy generation and transmission	Insurance brokerage	Rental of mining concessions	Holding of investment in shares	Industrial activities	Corporate	Sub Total	Adjustments and eliminations	Total	
	(Mining operation) US\$(000)	(Mining operation) US\$(000)	(Mining operation) US\$(000)	(Mining operation) US\$(000)	(Mining operation) US\$(000)	(Mining operation) US\$(000)	(Mining operation) US\$(000)	mining projects US\$(000)	Construction and engineering US\$(000)	US\$(000)	US\$(000)	US\$(000)	US\$(000)	US\$(000)	US\$(000)	US\$(000)	US\$(000)	
As of March 31, 2018																		
Results:																		
Continuing operations:																		
Operating income																		
Net sale of goods	70,695	54,770	5,122	4,823	60,630	84,614	24,964	-	-	-	-	-	1,138	-	306,756	-	306,756	
Net sale of services	-	-	-	-	-	-	-	-	2,870	15,439	2,221	-	4,977	-	25,661	(19,898)	5,763	
Royalty income	-	-	-	-	-	-	-	-	-	-	4,419	-	-	-	4,419	-	4,419	
Total operating income	70,695	54,770	5,122	4,823	60,630	84,614	24,964	-	2,870	15,439	2,221	4,419	154	6,115	-	336,836	(19,898)	316,938
Operating costs																		
Cost of sales, excluding depreciation and amortization	(36,505)	(27,297)	(4,482)	(3,385)	(20,161)	(46,492)	(19,283)	-	-	-	-	-	(1,374)	-	(158,979)	10,394	(148,585)	
Cost of services, excluding depreciation and amortization	-	-	-	-	-	-	-	-	(2,298)	(7,437)	-	-	(2,016)	-	(11,751)	9,741	(2,010)	
Exploration in operating units	(5,878)	(9,112)	(1,565)	(273)	(3,939)	(1,996)	(6)	-	-	-	-	-	-	-	(22,769)	-	(22,769)	
Depreciation and amortization	(7,181)	(2,117)	(882)	(544)	(18,222)	(14,613)	(5,280)	-	(30)	(2,345)	-	-	(2,595)	-	(53,809)	-	(53,809)	
Mining royalties	(577)	(4,786)	(42)	(31)	(495)	(218)	(246)	-	-	-	-	-	-	-	(6,395)	-	(6,395)	
Total operating costs	(50,141)	(43,312)	(6,971)	(4,233)	(42,817)	(63,319)	(24,815)	-	(2,328)	(9,782)	-	-	(5,985)	-	(253,703)	20,135	(233,568)	
Gross profit (loss)	20,554	11,458	(1,849)	590	17,813	21,295	149	-	542	5,657	2,221	4,419	154	130	-	83,133	237	83,370
Operating incomes (expenses), net																		
Administrative expenses	(7,656)	(5,928)	(491)	(433)	(6,118)	(1,508)	(630)	(600)	(648)	(1,090)	(2,819)	(30)	(123)	(234)	1,424	(26,884)	1,839	(25,045)
Reversal (provision) for contingencies	(170)	(28)	833	-	801	(133)	-	-	177	(33)	-	-	87	(59)	1,475	-	1,475	
Selling expenses	(1,738)	(251)	(62)	(135)	(703)	(2,750)	(145)	-	-	(271)	-	-	(73)	-	(6,128)	131	(5,997)	
Exploration in non-operating areas	(3,682)	-	-	-	(161)	(151)	(1,352)	(521)	-	-	-	-	-	(1,001)	(6,868)	101	(6,767)	
Other, net	(717)	(162)	(234)	(43)	(790)	(503)	(173)	86	48	451	-	-	(1)	45	(1,531)	(3,524)	(2,218)	(5,742)
Total operating incomes (expenses), net	(13,963)	(6,369)	46	(611)	(6,971)	(5,045)	(2,300)	(1,035)	(423)	(943)	(2,819)	(30)	(124)	(175)	(1,167)	(41,929)	(147)	(42,076)
Operating profit (loss)	6,591	5,089	(1,803)	(21)	10,842	16,250	(2,151)	(1,035)	119	4,714	(598)	4,389	30	(45)	(1,167)	41,204	90	41,294
Other income (expense), net																		
Share in the results of associates	-	-	-	-	-	-	-	-	-	2,472	-	-	(10,386)	-	20,339	12,425	2,378	14,803
Net gain (loss) from currency exchange difference	13	(6)	(26)	6	39	344	(13)	80	(9)	12	(19)	(21)	1	62	202	665	-	665
Financial income	-	-	-	-	-	109	331	-	-	70	-	6	-	22	1,277	1,815	(685)	1,130
Financial costs	(78)	(95)	(33)	(16)	(87)	(2,407)	(435)	(6)	(10)	(1,296)	(2)	-	-	(215)	(4,216)	(8,896)	212	(8,684)
Total other income (expense), net	(65)	(101)	(59)	(10)	(48)	(1,954)	(117)	74	(19)	1,258	(21)	(15)	(10,385)	(131)	17,602	6,009	1,905	7,914
Profit (loss) before income tax	6,526	4,988	(1,862)	(31)	10,794	14,296	(2,268)	(961)	100	5,972	(619)	4,374	(10,355)	(176)	16,435	47,213	1,995	49,208
Current income tax	(406)	(312)	(29)	(22)	(349)	(5,067)	(23)	-	-	(10)	-	(1,296)	(6)	(110)	(2,587)	(10,217)	-	(10,217)
Deferred income tax	-	-	-	-	-	(3,532)	335	-	(10)	(1,193)	-	-	-	295	(3,129)	(7,234)	-	(7,234)
Profit (loss) from continued operations	6,120	4,676	(1,891)	(53)	10,445	5,697	(1,956)	(961)	90	4,769	(619)	3,078	(10,361)	9	10,719	29,762	1,995	31,757
Discontinued operations																		
Profit (loss) from discontinued operations																		(931)
Net profit																		30,826
Other disclosures:																		
Total assets as of March 31, 2018	146,461	53,840	26,415	17,355	529,192	766,964	183,106	349,289	10,237	361,922	6,631	5,750	1,228,000	112,888	2,392,390	6,190,440	(1,876,876)	4,313,564
Total liability as of March 31, 2018	48,084	39,023	15,570	5,619	28,499	339,887	81,762	19,314	2,835	201,789	2,796	2,039	2,082	23,459	430,618	1,243,376	(33,542)	1,209,834

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

	Uchucchacua	Orcopampa	Julcani	Mallay	Tambomayo	Colquijirca	La Zanja	Exploration and developme nt mining projects	Construction and engineering	Energy generation and transmission	Insurance brokerage	Rental of mining concessions	Holding of investment in shares	Industrial activities	Corporate	Sub Total	Adjustments and eliminations	Total	
	(Mining operation) US\$(000)	(Mining operation) US\$(000)	(Mining operation) US\$(000)	(Mining operation) US\$(000)	(Mining operation) US\$(000)	(Mining operation) US\$(000)	(Mining operation) US\$(000)	US\$(000)	US\$(000)	US\$(000)	US\$(000)	US\$(000)	US\$(000)	US\$(000)	US\$(000)	US\$(000)	US\$(000)	US\$(000)	
As of March 31, 2017																			
Results:																			
Continuing operations:																			
Operating income																			
Net sale of goods	63,900	54,827	17,447	10,500	-	76,035	39,829	-	-	-	-	-	-	2,247	34,489	299,274	(32,985)	266,289	
Net sale of services	-	-	-	-	-	-	-	-	2,471	15,156	2,189	-	154	4,877	-	24,847	(18,344)	6,503	
Royalty income	-	-	-	-	-	-	-	-	-	-	-	5,470	-	-	-	5,470	-	5,470	
Total operating income	63,900	54,827	17,447	10,500	-	76,035	39,829	-	2,471	15,156	2,189	5,470	154	7,124	34,489	329,591	(51,329)	278,262	
Operating costs																			
Cost of sales, excluding depreciation and amortization	(34,341)	(26,394)	(8,696)	(6,240)	-	(46,702)	(23,265)	-	-	-	-	-	-	(1,658)	(33,935)	(181,231)	44,624	(136,607)	
Cost of services, excluding depreciation and amortization	-	-	-	-	-	-	-	-	(2,007)	(7,321)	-	-	-	(2,015)	-	(11,343)	6,630	(4,713)	
Exploration in operating units	(5,423)	(9,369)	(3,847)	(1,947)	-	-	(400)	-	-	-	-	-	-	-	-	(20,986)	-	(20,986)	
Depreciation and amortization	(4,114)	(1,955)	(2,277)	(1,153)	-	(12,116)	(15,278)	-	(34)	(2,459)	(48)	-	(46)	(3,274)	-	(42,754)	-	(42,754)	
Mining royalties	(488)	(4,843)	(133)	(87)	-	(807)	-	-	-	-	-	-	-	-	-	(6,358)	-	(6,358)	
Total operating costs	(44,366)	(42,561)	(14,953)	(9,427)	-	(59,625)	(38,943)	-	(2,041)	(9,780)	(48)	-	(46)	(6,947)	(33,935)	(262,672)	51,254	(211,418)	
Gross profit (loss)	19,534	12,266	2,494	1,073	-	16,410	886	-	430	5,376	2,141	5,470	108	177	554	66,919	(75)	66,844	
Operating incomes (expenses), net																			
Administrative expenses	(5,278)	(4,244)	(1,227)	(857)	(1,257)	(3,105)	(493)	(326)	(863)	(571)	(2,735)	(40)	(88)	(172)	(1,180)	(22,436)	1,322	(21,114)	
Reversal (provision) for contingencies	(7,714)	(162)	(649)	(16)	(989)	-	-	(3,081)	-	(25)	-	-	-	-	137	(12,499)	-	(12,499)	
Selling expenses	(778)	(161)	(110)	(260)	-	(2,245)	(139)	-	-	(288)	-	-	-	(292)	(40)	(4,313)	-	(4,313)	
Exploration in non-operating areas	-	-	-	-	(863)	(375)	(427)	(375)	-	-	-	-	-	-	(950)	(2,990)	697	(2,293)	
Other, net	(252)	(144)	(351)	(75)	(249)	(763)	(631)	53	160	863	5	-	-	162	(15)	(1,237)	(172)	(1,409)	
Total operating incomes (expenses), net	(14,022)	(4,711)	(2,337)	(1,208)	(3,358)	(6,488)	(1,690)	(3,729)	(703)	(21)	(2,730)	(40)	(88)	(302)	(2,048)	(43,475)	1,847	(41,628)	
Operating profit (loss)	5,512	7,555	157	(135)	(3,358)	9,922	(804)	(3,729)	(273)	5,355	(589)	5,430	20	(125)	(1,494)	23,444	1,772	25,216	
Other income (expense),net																			
Share in the results of associates	-	-	-	-	-	-	-	-	-	3,443	-	-	6,074	-	50,542	60,059	(15,195)	44,864	
Net gain (loss) from currency exchange difference	36	(50)	(18)	(7)	(48)	904	17	250	133	187	(36)	(63)	1	456	1,241	3,003	-	3,003	
Financial income	-	-	-	-	-	45	47	-	-	62	-	-	-	-	1,593	1,747	(456)	1,291	
Financial costs	(5)	(67)	(29)	(17)	(96)	(3,338)	(765)	(34)	(91)	(2,541)	-	(1)	-	(256)	(375)	(7,615)	456	(7,159)	
Total other income (expense), net	31	(117)	(47)	(24)	(144)	(2,389)	(701)	216	42	1,151	(36)	(64)	6,075	200	53,001	57,194	(15,195)	41,999	
Profit (loss) before income tax	5,543	7,438	110	(159)	(3,502)	7,533	(1,505)	(3,513)	(231)	6,506	(625)	5,366	6,095	75	51,507	80,638	(13,423)	67,215	
Current income tax	(262)	(249)	(72)	(46)	-	(1,841)	(1,456)	-	-	(693)	-	(1,573)	-	(68)	-	(6,260)	-	(6,260)	
Deferred income tax	-	-	-	-	-	3,668	2,544	-	(9)	581	-	-	-	(1,219)	4,154	9,719	-	9,719	
Profit (loss) from continued operations	5,281	7,189	38	(205)	(3,502)	9,360	(417)	(3,513)	(240)	6,394	(625)	3,793	6,095	(1,212)	55,661	84,097	(13,423)	70,674	
Discontinued operations																			
Profit (loss) from discontinued operations																			5,576
Net profit																			76,250
Other disclosures:																			
Total assets as of December 31, 2017	146,464	54,114	20,922	18,923	538,057	792,594	190,310	342,759	14,004	360,610	9,004	6,611	988,841	109,669	1,931,224	5,524,106	(1,191,293)	4,332,813	
Total liability as of December 31, 2017	49,723	42,242	18,099	6,092	32,501	388,899	87,008	14,527	5,153	205,247	4,616	2,378	414	20,245	425,413	1,302,557	(33,371)	1,269,186	

Nº 0073552



COLEGIO DE CONTADORES PÚBLICOS DE LIMA

AV. AREQUIPA Nº 998 Y AV. ALEJANDRO TIRADO Nº 181 - SANTA BEATRIZ - LIMA
TELEF.: 230-3000

R.U.C. 20106620106

Nº 73552

Constancia de Habilitación

La Decana y el Director Secretario del Colegio de Contadores Públicos de Lima, que suscriben, declaran que en base a los registros de la institución, se ha verificado que

**PAREDES, BURGA & ASOCIADOS SOC. CIVIL DE RESPONSABILIDAD
LIMITADA**

MATRICULA : S0761

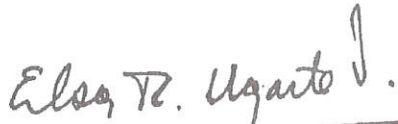
FECHA DE COLEGIATURA : 05/11/2002

Se encuentra, hábil a la fecha, para el ejercicio de las funciones profesionales que le faculta la Ley Nº 13253 y su modificatoria Ley Nº 28951 y conforme al Estatuto y Reglamento Interno de este Colegio; en fe de lo cual y a solicitud de parte, se le extiende la presente constancia para los efectos y usos que estime conveniente. Esta constancia tiene vigencia hasta el

31/03/2019

Lima,

19 de Enero de 2018


CPCC Elsa Rosario Ugarte Vásquez
Decana


CPCC Moisés Manuel Penadillo Castro
Director Secretario

Verifique su validez en: www.ccpl.org.pe

Comprobante de Pago:113-00000246.....

Verifique la validez del comprobante de pago en: www.sunat.gob.pe