

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

Unaudited interim consolidated financial statements as of June 30, 2018 and 2017 and for the three-month and six-month periods 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 June 30, 2017, and the interim consolidated statements of profit or loss, of comprehensive income, of changes in equity, and of cash flows for the six-month periods ended June 30, 2017 and 2016, 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
July 25, 2018

Countersigned by:

Paredes, Burga & Asociados



Katherine Villanueva
C.P.C.C. Register N° 36892

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

Consolidated statements of financial position

As of June 30, 2018 (unaudited) and December 31, 2017 (audited)

	Note	2018 US\$(000)	2017 US\$(000)
Assets			
Current assets			
Cash and cash equivalents	3	358,941	214,551
Trade and other receivables, net	4(a)	217,588	314,308
Inventories, net	5(a)	136,622	132,287
Income tax credit		16,730	23,165
Prepaid expenses		15,205	17,551
Hedge derivative financial instruments		6,516	-
		<u>751,602</u>	<u>701,862</u>
Non-current assets			
Trade and other receivables, net	4(a)	47,403	44,191
Inventories, net	5(a)	5,032	3,238
Investments in associates	6(a)	1,545,015	1,536,887
Mining concessions, development costs, property, plant and equipment, net	7(a)	1,881,366	1,949,555
Investment properties, net		251	222
Deferred income tax asset, net		26,226	43,129
Prepaid expenses		27,036	27,555
Income tax credit		136	3,413
Other assets		20,868	22,761
		<u>3,553,333</u>	<u>3,630,951</u>
Total assets		<u>4,304,935</u>	<u>4,332,813</u>
Liabilities and shareholders' equity, net			
Current liabilities			
Bank loans	8	45,000	96,215
Trade and other payables		167,436	233,355
Provisions		81,528	76,847
Income tax payable		1,414	2,081
Financial obligations	9(a)	45,923	83,991
Hedge derivative financial instruments		-	28,705
		<u>341,301</u>	<u>521,194</u>
Non-current liabilities			
Bank loans	8	50,000	-
Trade and other payables		681	663
Provisions		162,317	164,877
Financial obligations	9(a)	563,099	549,092
Contingent consideration liability		17,570	17,570
Deferred income tax liabilities, net		20,277	15,790
		<u>813,944</u>	<u>747,992</u>
Total liabilities		<u>1,155,245</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		1,791,803	1,728,847
Other reserves of equity		1,238	(13,888)
Shareholders' equity, net attributable to owners of the parent		<u>2,926,119</u>	<u>2,848,037</u>
Non-controlling interest		223,571	215,590
Total shareholders' equity, net		<u>3,149,690</u>	<u>3,063,627</u>
Total liabilities and shareholders' equity, net		<u>4,304,935</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 and six-month periods ended June 30, 2018 and 2017

	Note	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
		2018 US\$(000)	2017 US\$(000)	2018 US\$(000)	2017 US\$(000)
Continuing operations					
Operating income:					
Net sales of goods	11	314,051	246,065	620,807	512,354
Net sales of services	11	3,784	6,025	9,547	12,528
Royalty income	15(a)	4,731	4,640	9,150	10,110
Total operating income		<u>322,566</u>	<u>256,730</u>	<u>639,504</u>	<u>534,992</u>
Operating costs					
Cost of sales of goods, excluding depreciation and amortization	12	(162,086)	(135,411)	(310,671)	(272,018)
Cost of services, excluding depreciation and amortization		(478)	(1,003)	(2,488)	(5,716)
Exploration in operating units		(24,676)	(20,216)	(47,445)	(41,202)
Depreciation and amortization		(61,030)	(38,381)	(114,839)	(81,135)
Mining royalties		(6,551)	(7,290)	(12,946)	(13,648)
Total operating costs		<u>(254,821)</u>	<u>(202,301)</u>	<u>(488,389)</u>	<u>(413,719)</u>
Gross profit		<u>67,745</u>	<u>54,429</u>	<u>151,115</u>	<u>121,273</u>
Operating expenses, net					
Administrative expenses		(20,730)	(19,600)	(45,775)	(40,714)
Exploration in non-operating areas		(8,321)	(5,535)	(15,088)	(7,828)
Selling expenses		(6,772)	(5,854)	(12,769)	(10,167)
Other, net		(11,223)	(6,462)	(16,965)	(7,871)
Provision for contingencies	13	(1,156)	683	319	(11,816)
Total operating expenses, net		<u>(48,202)</u>	<u>(36,768)</u>	<u>(90,278)</u>	<u>(78,396)</u>
Operating profit		<u>19,543</u>	<u>17,661</u>	<u>60,837</u>	<u>42,877</u>
Other income (expense), net					
Share in the results of associates	6(b)	34,219	(3,055)	49,022	41,809
Financial costs		(9,641)	(8,310)	(18,325)	(15,469)
Net gain (loss) from currency exchange difference		(213)	1,212	452	4,215
Financial income		1,047	1,182	2,177	2,473
Total other income (expense), net		<u>25,412</u>	<u>(8,971)</u>	<u>33,326</u>	<u>33,028</u>
Profit before income tax		<u>44,955</u>	<u>8,690</u>	<u>94,163</u>	<u>75,905</u>
Current income tax	14(a)	(3,514)	(4,398)	(13,731)	(10,658)
Deferred income tax	14(a)	(2,584)	(8,094)	(9,818)	1,625
Profit (loss) from continuing operations		<u>38,857</u>	<u>(3,802)</u>	<u>70,614</u>	<u>66,872</u>
Discontinued operations					
Profit (loss) from discontinued operations		180	(1,937)	(751)	3,639
Net profit (loss)		<u>39,037</u>	<u>(5,739)</u>	<u>69,863</u>	<u>70,511</u>
Attributable to:					
Owners of the parent		41,277	(6,160)	69,695	64,536
Non-controlling interest		(2,240)	421	168	5,975
		<u>39,037</u>	<u>(5,739)</u>	<u>69,863</u>	<u>70,511</u>
Basic and diluted profit (loss) per share attributable to equity holders of the parent, stated in U.S. dollars					
		0.16	(0.03)	0.27	0.25
Profit (loss) for continuing operations, basic and diluted per share attributable to equity holders of the parent, expressed in U.S. dollars					
		0.16	(0.02)	0.28	0.24

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

Interim consolidated statements of other comprehensive income (unaudited)

For the three-month and six-month periods ended June 30, 2018 and 2017

	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2018 US\$(000)	2017 US\$(000)	2018 US\$(000)	2017 US\$(000)
Net profit (loss)	<u>39,037</u>	<u>(5,739)</u>	<u>69,863</u>	<u>70,511</u>
Other comprehensive income of the period:				
Other comprehensive income to be reclassified to profit or loss in subsequent periods				
Net change in unrealized gain on cash flow hedges	9,239	145	34,322	337
Income tax effect	(2,725)	(754)	(10,125)	1,321
Unrealized results on investments	(99)	297	489	(543)
	<u>6,415</u>	<u>(312)</u>	<u>24,686</u>	<u>1,115</u>
Other comprehensive income (loss) of the period	<u>45,452</u>	<u>(6,051)</u>	<u>94,549</u>	<u>71,626</u>
Attributable to:				
Non-controlling interest	45,573	(6,352)	84,821	65,969
Attributable to:	<u>(121)</u>	<u>301</u>	<u>9,728</u>	<u>5,657</u>
	<u>45,452</u>	<u>(6,051)</u>	<u>94,549</u>	<u>71,626</u>

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

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

For the six-month periods ended June 30, 2018 and 2017

	Attributable to equity holders of the parent										
	Capital stock, net of treasury shares			Additional paid-in capital US\$(000)	Legal reserve US\$(000)	Other reserves US\$(000)	Retained earnings US\$(000)	Other reserves of equity US\$(000)	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)								
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	-	-	-	-	-	-	64,536	-	64,536	5,975	70,511
Other comprehensive loss	-	-	-	-	-	-	-	1,433	1,433	(318)	1,115
Total other comprehensive income	-	-	-	-	-	-	64,536	1,433	65,969	5,657	71,626
Dividends declared and paid, note 10	-	-	-	-	-	-	(14,479)	-	(14,479)	(3,196)	(17,675)
Expired dividends	-	-	-	-	327	-	-	-	327	-	327
As of June 30, 2017	253,715,190	750,497	791	218,450	163,071	269	1,740,180	(350)	2,872,908	228,583	3,101,491
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	-	-	-	-	-	-	69,695	-	69,695	168	69,863
Other comprehensive loss	-	-	-	-	-	-	-	15,126	15,126	9,560	24,686
Total other comprehensive income	-	-	-	-	-	-	69,695	15,126	84,821	9,728	94,549
Dividends declared and paid, note 10	-	-	-	-	-	-	(7,554)	-	(7,554)	(1,747)	(9,301)
Other minor	-	-	-	-	-	-	815	-	815	-	815
As of June 30, 2018	253,715,190	750,497	791	218,450	163,071	269	1,791,803	1,238	2,926,119	223,571	3,149,690

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

Interim consolidated statements of cash flows (unaudited)

For the three-month and six-month periods ended June 30, 2018 and 2017

	Note	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
		2018 US\$(000)	2017 US\$(000)	2018 US\$(000)	2017 US\$(000)
Operating activities					
Proceeds from sales	4	370,705	276,918	700,548	532,234
Value added tax recovered	4	13,150	54,059	50,820	61,997
Proceeds from dividends	15	40,374	2,102	43,805	5,175
Royalty received	4	4,362	5,300	9,638	11,509
Interest received		24	2,156	155	3,117
Payments to suppliers and third-parties		(214,549)	(263,416)	(445,337)	(438,590)
Payments to employees		(38,039)	(44,279)	(88,046)	(86,999)
Payments of income taxes		(13,099)	(5,105)	(20,430)	(16,539)
Payments of interest		(7,659)	(8,234)	(13,658)	(14,171)
Payment of mining royalties		(3,938)	(4,426)	(8,281)	(8,805)
Net cash and cash equivalents provided by operating activities		151,331	15,075	229,214	48,928
Investing activities					
Proceeds from sales of mining concessions, property, plant and equipment		14	(5,133)	60	1,438
Proceeds from loan to third parties	15	-	107,120	-	124,800
Acquisitions of mining concessions, development costs, property, plant and equipment	7	(30,405)	(67,296)	(51,593)	(148,908)
Acquisitions of other assets		(804)	-	(1,466)	-
Net cash and cash equivalents provided by (used in) investing activities		(31,195)	34,691	(52,999)	(22,670)
Financing activities					
Payments of financial obligations	9	(12,532)	(12,123)	(22,528)	(15,736)
Proceeds from bank loans	8	-	80,000	80,000	245,000
Payments of bank loans	8	1,215	(135,000)	(80,000)	(165,000)
Dividends paid to controlling interest	10	(7,554)	(14,479)	(7,554)	(14,479)
Dividends paid to non-controlling interest		(307)	(1,527)	(1,747)	(3,196)
Increase (decrease) of restricted bank accounts		(244)	(1,050)	4	(2,741)
Net cash and cash equivalents provided by (used in) financing activities		(19,422)	(84,179)	(31,825)	43,848
Net increase (decrease) in cash and cash equivalents during the period, net		100,714	(34,413)	144,390	70,106
Cash and cash equivalents at beginning of period	3	258,227	185,063	214,551	80,544
Cash and cash equivalents at period-end	3	358,941	150,650	358,941	150,650

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

Notes to the interim consolidated financial statements (unaudited)

As of June 30, 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 June 30, 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 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 June 30, 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 June 30, 2018 US\$(000)	As of December 31, 2017 US\$(000)
Cash	454	327
Bank accounts (i)	82,488	51,953
Time deposits (ii)	<u>275,999</u>	<u>162,271</u>
	<u>358,941</u>	<u>214,551</u>

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

(ii) As of June 30, 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 June 30, 2018	As of December 31, 2017
	US\$(000)	US\$(000)
Trade receivables, net		
Domestic clients	99,459	109,544
Foreign clients	80,173	119,388
Related entities, note 15(b)	7,034	7,348
	<u>186,666</u>	<u>236,280</u>
Allowance for doubtful accounts (b)	<u>(22,018)</u>	<u>(22,823)</u>
	<u>164,648</u>	<u>213,457</u>
Other receivables		
Value added tax credit	38,241	74,785
Other receivables to third parties	26,001	27,406
Refund application of value added	23,092	18,450
Tax deposits	3,914	9,733
Claims to Tax Administration	2,651	2,752
Restricted bank accounts	2,376	2,372
Interest receivable	2,062	1,719
Loans to personal	1,553	1,179
Due from for sales of assets	1,041	5,371
Related entities, note 15(b)	15	732
Other minor	9,095	9,904
Allowance for doubtful accounts (b)	<u>(9,698)</u>	<u>(9,361)</u>
	<u>100,343</u>	<u>145,042</u>
Total trade and other receivables, net	<u>264,991</u>	<u>358,499</u>
Classification by maturity:		
Current portion	217,588	314,308
Non-current portion	47,403	44,191
Total trade and other receivables, net	<u>264,991</u>	<u>358,499</u>
Classification by nature:		
Financial receivables	203,658	265,264
Non-financial receivables	61,333	93,235
Total trade and other receivables, net	<u>264,991</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 June 30, 2018	As of December 31, 2017
	US\$(000)	US\$(000)
Finished goods	5,412	6,151
Products in process	61,996	56,190
Spare parts and supplies	<u>86,233</u>	<u>84,787</u>
	153,641	147,128
Provision for impairment of value of inventory (b)	<u>(11,987)</u>	<u>(11,603)</u>
	<u>141,654</u>	<u>135,525</u>
Classification by use:		
Current portion	136,622	132,287
Non-current portion	<u>5,032</u>	<u>3,238</u>
	<u>141,654</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:

	Share in equity		As of June 30, 2018	As of December 31, 2017
	<u>2018</u>	<u>2017</u>	US\$(000)	US\$(000)
	%	%		
Associates				
Sociedad Minera Cerro Verde S.A.A.	19.584	19.584	1,148,917	1,124,008
Minera Yanacocha S.R.L.	43.65	45.95	305,619	324,861
Compañía Minera Coimolache S.A.	40.095	40.095	85,874	86,183
Other minor investments			<u>4,605</u>	<u>1,835</u>
			<u>1,545,015</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 is as follows:

	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2018	2017	2018	2017
	US\$(000)	US\$(000)	US\$(000)	US\$(000)
Sociedad Minera Cerro Verde S.A.A.	36,987	20,387	64,078	56,429
Minera Yanacocha S.R.L.	(4,533)	(27,155)	(19,382)	(22,599)
Compañía Minera Coimolache S.A.	1,765	3,713	4,326	7,979
	<u>34,219</u>	<u>(3,055)</u>	<u>49,022</u>	<u>41,809</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 (b)	61,547	(119,304)	-	(57,757)
Reclassifications	(8,421)	352	-	(8,069)
Disposals and sales	<u>(3,558)</u>	<u>1,195</u>	<u>-</u>	<u>(2,363)</u>
As of June 30, 2018	<u>3,645,910</u>	<u>(1,729,739)</u>	<u>(34,805)</u>	<u>1,881,366</u>
As of January 1, 2017	3,501,216	(1,510,809)	(30,382)	1,960,025
Additions (b)	155,087	(87,713)	-	67,374
Reclassifications	3,935	(3,935)	-	-
Mining unit sale	(85,699)	71,991	10,133	(3,575)
Disposals and sales	<u>(10,915)</u>	<u>1,658</u>	<u>-</u>	<u>(9,257)</u>
As of June 30, 2017	<u>3,563,624</u>	<u>(1,528,808)</u>	<u>(20,249)</u>	<u>2,014,567</u>

(b) During the first semester 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\$98.6 million, which started its commercial operations during the third quarter of 2017.

Notes to the interim consolidated financial statements (unaudited)

(continued)

8. Bank loans

As of June 30, 2018, the Group maintains bank loans amounting to US\$95 million, (US\$45 million and US\$50 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 2.00% and 2.10% (as of December 31, 2017, the Group held a loan of US\$96 million, which accrued interest at market annual rates ranging from 1.15% to 1.17%). These bank loans have no guarantees.

9. Financial obligations

(a) This caption is made up as follow:

	As of June 30, 2018 US\$(000)	As of December 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
	<u>275,000</u>	<u>275,000</u>
Debt issuance costs	(4,174)	(2,425)
	<u>270,826</u>	<u>272,575</u>
Sociedad Minera El Brocal S.A.A.		
Banco de Crédito del Perú – Leaseback	106,977	119,464
Debt issuance costs	(1,152)	(1,377)
	<u>105,825</u>	<u>118,087</u>
Mid-term financial obligation	77,500	80,000
	<u>183,325</u>	<u>198,087</u>
Empresa de Generación Huanza S.A.		
Banco de Crédito del Perú – Finance lease	154,871	162,411
Contacto Corredores de Seguros S.A.		
BBVA Banco Continental S.A. – Finance lease	-	10
Total financial obligations	<u>609,022</u>	<u>633,083</u>
Classification by maturity:		
Current portion	45,923	83,991
Non-current portion (b)	563,099	549,092
Total financial obligations	<u>609,022</u>	<u>633,083</u>

Notes to the interim consolidated financial statements (unaudited)

(continued)

The compliance with the clauses described in the annual audited report is overseen by the Group's Management. As of June 30, 2018, Buenaventura complies with the financial ratios agreed with the banks indicated in paragraph (a).

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

Year	As of June 30, 2018 US\$(000)	As of December 31, 2017 US\$(000)
Between 1 to 2 years	50,497	125,215
Between 2 to 5 years	517,928	427,680
	568,425	552,895
Debt issuance costs	(5,326)	(3,803)
	563,099	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 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).

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 and six-month periods ended June 30, 2018 and 2017:

	For the three-month periods		For the six-month periods	
	ended June 30,		ended June 30,	
	2018	2017	2018	2017
	US\$(000)	US\$(000)	US\$(000)	US\$(000)
Sales by metal:				
Gold	113,186	104,455	239,696	200,867
Silver	116,292	90,318	211,421	190,182
Copper	70,114	54,732	137,954	113,694
Zinc	51,371	37,458	111,980	85,841
Lead	24,964	20,671	46,065	42,928
Manganese sulfate	1,865	1,258	3,003	3,505
Indium	-	78	-	78
	<u>377,792</u>	<u>308,970</u>	<u>750,119</u>	<u>637,095</u>
Commercial deductions	(48,299)	(56,663)	(98,192)	(122,818)
Adjustments to current period liquidations	(3,160)	(3,776)	(1,224)	821
Embedded derivatives from sale of concentrate	(5,074)	(2,684)	(14,153)	2,985
Hedge operations	<u>(7,208)</u>	<u>218</u>	<u>(15,743)</u>	<u>(5,729)</u>
Net sales of goods	<u>314,051</u>	<u>246,065</u>	<u>620,807</u>	<u>512,354</u>
Net sales of services	<u>3,784</u>	<u>6,025</u>	<u>9,547</u>	<u>12,528</u>
	<u><u>317,835</u></u>	<u><u>252,090</u></u>	<u><u>630,354</u></u>	<u><u>524,882</u></u>

Notes to the interim consolidated financial statements (unaudited)

(continued)

12. Cost of sales, excluding depreciation and amortization

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

	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2018 US\$(000)	2017 US\$(000)	2018 US\$(000)	2017 US\$(000)
Beginning balance of finished goods and products in process, net of depreciation and amortization	46,518	55,902	37,640	58,634
Cost of production:				
Services provided by third parties	55,350	55,953	113,194	112,482
Consumption of materials and supplies	35,198	32,749	71,671	61,317
Direct labor	25,734	21,358	53,469	43,197
Electricity and water	13,801	10,257	26,353	20,784
Transport	7,325	3,415	13,812	6,184
Maintenance and repair	9,036	5,216	13,609	10,951
Rentals	3,029	5,786	9,716	9,521
Insurances	2,585	2,210	5,459	3,324
Cost of concentrate purchased from associate	-	14	-	440
Provision for impairment of finished goods and product in progress	542	2,472	383	808
Other production expenses	2,369	4,390	4,766	8,687
Total cost of production of the period	<u>154,969</u>	<u>143,820</u>	<u>312,432</u>	<u>277,695</u>
Final balance of products in process and finished goods, net of depreciation and amortization	<u>(39,401)</u>	<u>(64,311)</u>	<u>(39,401)</u>	<u>(64,311)</u>
Cost of sales of goods, excluding depreciation and amortization	<u>162,086</u>	<u>135,411</u>	<u>310,671</u>	<u>272,018</u>

13. Provision for contingencies

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

Notes to the interim consolidated financial statements (unaudited)

(continued)

14. Income taxes

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

	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2018 US\$(000)	2017 US\$(000)	2018 US\$(000)	2017 US\$(000)
Profit before income tax for continued operations	44,955	8,690	94,163	75,905
Profit (loss) for discontinued operations	180	(1,937)	(751)	3,639
Profit before income tax	45,135	6,753	93,412	79,544
Theoretical loss for income tax	13,315	1,992	27,557	23,465
Permanent items and others:				
Share in the results of associates	(10,095)	901	(14,461)	(12,334)
Effect of translation into U.S. dollars	2,796	1,226	2,224	(13,718)
Mining royalties and special mining tax	847	(400)	2,197	39
Permanent items	(2,393)	8,069	1,781	9,712
Income tax expense	4,470	11,788	19,298	7,164
Mining Royalties and Special Mining Tax	1,628	704	4,251	1,869
Total income tax	6,098	12,492	23,549	9,033
Classification by type of tax:				
Income tax				
Current	1,794	3,068	9,240	8,698
Deferred	2,676	8,720	10,059	(1,534)
	4,470	11,788	19,299	7,164
Mining Royalties and Special Mining Tax				
Tax				
Current	1,720	1,330	4,491	1,960
Deferred	(92)	(626)	(241)	(91)
	1,628	704	4,250	1,869
Total income tax	6,098	12,492	23,549	9,033

- (b) As of June 30, 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.

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 and six-month periods ended June 30, 2018 and 2017 are presented below:

	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2018 US\$(000)	2017 US\$(000)	2018 US\$(000)	2017 US\$(000)
Incomes:				
Royalties	4,731	4,640	9,150	10,110
Sales:				
Energy	654	555	1,242	973
Mineral	469	297	777	704
Purchase:				
Supplies	2	7	30	17
Mineral	-	14	-	440
Services provided:				
Administrative and management services	167	145	626	680
Engineering services	-	1,233	293	1,492
Electric power transmission	72	198	149	451
Dividends received by and not collect:				
Sociedad Minera Cerro Verde S.A.A.	(39,169)	-	-	-
Dividends received by and collect:				
Sociedad Minera Cerro Verde S.A.A.	39,169	-	39,169	-
Compañía Minera Coimolache S.A.	1,205	2,102	4,636	5,175
Interest received from:				
Sociedad Minera Cerro Verde S.A.A.	-	196	-	1,155
Loans collected:				
Sociedad Minera Cerro Verde S.A.A.	-	-	-	17,680

Notes to the interim consolidated financial statements (unaudited)

(continued)

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

	As of June 30, 2018	As of December 31, 2017
	US\$(000)	US\$(000)
Trade receivables, note 4(a) -		
Minera Yanacocha S.R.L.	6,682	6,740
Compañía Minera Coimolache S.A.	352	592
Sociedad Minera Cerro Verde S.A.A.	-	16
	<u>7,034</u>	<u>7,348</u>
Other receivables, note 4(a) -		
Minera Yanacocha S.R.L.	15	-
Compañía Minera Coimolache S.A.	-	732
	<u>15</u>	<u>732</u>
	<u>7,049</u>	<u>8,080</u>
Trade payables		
Compañía Minera Coimolache S.A.	-	15
	<u>-</u>	<u>15</u>
Other payables		
Compañía Minera Coimolache S.A.	-	42
Other minor	57	20
	<u>57</u>	<u>62</u>
	<u>57</u>	<u>77</u>

The trade and other receivables from related entities corresponds mainly to disbursements made to these entities in order to finance their operating activities, which generate interest at fixed market rates.

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.
- 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.).
- 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)

	Julcani (Operative)	Mallay (Operative)	Orcopampa (Operative)	Uchucchacua (Operative)	Colquijirca (Operative)	La Zanja (Operative)	Tambomayo (Operative)	Exploration and development mining projects	Energy generation and transmission	Insurance brokerage	Rental of mining concessions	Holding of investment in shares	Industrial activities	Corporate	Subtotal	Adjustments and eliminations	Total
	US\$(000)	US\$(000)	US\$(000)	US\$(000)	US\$(000)	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 June 30, 2018																	
Results:																	
Continuing operations:																	
Operating income																	
Net sale of goods	16,768	9,854	101,867	147,490	168,218	48,347	125,261	-	-	-	-	-	3,002	-	620,807	-	620,807
Net sale of services	-	-	-	-	-	-	-	-	31,717	4,120	-	308	9,954	-	46,099	(36,552)	9,547
Royalty income	-	-	-	-	-	-	-	-	-	-	9,150	-	-	-	9,150	-	9,150
Total operating income	16,768	9,854	101,867	147,490	168,218	48,347	125,261	-	31,717	4,120	9,150	308	12,956	-	676,056	(36,552)	639,504
Operating costs																	
Cost of sales, excluding depreciation and amortization	(12,622)	(7,038)	(52,950)	(75,808)	(100,045)	(36,460)	(44,176)	-	-	-	-	-	(2,833)	(291)	(332,223)	21,552	(310,671)
Cost of services, excluding depreciation and amortization	-	-	-	-	-	-	-	-	(14,760)	-	-	-	(4,435)	-	(19,195)	16,707	(2,488)
Exploration in operating units	(4,561)	(487)	(17,643)	(11,091)	(5,105)	(67)	(8,491)	-	-	-	-	-	-	-	(47,445)	-	(47,445)
Depreciation and amortization	(1,889)	(1,104)	(4,139)	(13,777)	(32,297)	(14,261)	(37,133)	-	(4,690)	-	-	-	(5,520)	-	(114,810)	(29)	(114,839)
Mining royalties	(113)	(73)	(9,162)	(1,207)	(880)	(481)	(1,030)	-	-	-	-	-	-	-	(12,946)	-	(12,946)
Total operating costs	(19,185)	(8,702)	(83,894)	(101,883)	(138,327)	(51,269)	(90,830)	-	(19,450)	-	-	-	(12,788)	(291)	(526,619)	38,230	(488,389)
Gross profit (loss)	(2,417)	1,152	17,973	45,607	29,891	(2,922)	34,431	-	12,267	4,120	9,150	308	168	(291)	149,437	1,678	151,115
Operating incomes (expenses), net																	
Administrative expenses	(1,645)	(1,193)	(9,361)	(16,150)	(2,847)	(1,125)	(10,916)	(1,246)	(1,912)	(5,325)	(91)	(203)	(483)	3,496	(49,001)	3,226	(45,775)
Exploration in non-operating areas	-	-	-	(6,990)	(1,742)	(2,807)	-	(2,415)	-	-	-	-	-	(2,309)	(16,263)	1,175	(15,088)
Selling expenses	(118)	(271)	(455)	(3,699)	(6,126)	(380)	(1,128)	-	(650)	-	-	-	(205)	-	(13,032)	263	(12,769)
Other, net	(369)	(408)	(935)	(1,542)	(384)	(1,178)	(912)	101	244	-	-	(4)	142	(5,249)	(10,494)	(6,471)	(16,965)
Provision for contingencies	968	49	(1,221)	(390)	(85)	-	817	2	(17)	-	-	-	1	16	140	179	319
Total operating expenses	(1,164)	(1,823)	(11,972)	(28,771)	(11,184)	(5,490)	(12,139)	(3,558)	(2,335)	(5,325)	(91)	(207)	(545)	(4,046)	(88,650)	(1,628)	(90,278)
Operating profit (loss)	(3,581)	(671)	6,001	16,836	18,707	(8,412)	22,292	(3,558)	9,932	(1,205)	9,059	101	(377)	(4,337)	60,787	50	60,837
Other income (expense), net																	
Share in the results of associates	-	-	-	-	-	-	-	-	4,234	-	-	(14,736)	-	50,434	39,932	9,090	49,022
Financial costs	(64)	(32)	(96)	(157)	(5,247)	(801)	(175)	(111)	(3,387)	(1)	(2)	(1)	(432)	(8,237)	(18,743)	418	(18,325)
Net gain (loss) from currency exchange difference	-	10	74	117	331	(60)	98	66	(116)	(5)	(24)	-	(112)	82	461	(9)	452
Financial income	-	-	-	-	191	743	-	-	96	-	10	2	47	2,597	3,686	(1,509)	2,177
Total other income (expense), net	(64)	(22)	(22)	(40)	(4,725)	(118)	(77)	(45)	827	(6)	(16)	(14,735)	(497)	44,876	25,336	7,990	33,326
Profit (loss) before income tax	(3,645)	(693)	5,979	16,796	13,982	(8,530)	22,215	(3,603)	10,759	(1,211)	9,043	(14,634)	(874)	40,539	86,123	8,040	94,163
Current income tax	(73)	(47)	(558)	(767)	(5,773)	(24)	(653)	-	-	-	(2,686)	(26)	(113)	(3,011)	(13,731)	-	(13,731)
Deferred income tax	-	-	-	-	(3,178)	425	-	-	(3,010)	-	-	-	120	(4,165)	(9,808)	(10)	(9,818)
Profit (loss) from continued operations	(3,718)	(740)	5,421	16,029	5,031	(8,129)	21,562	(3,603)	7,749	(1,211)	6,357	(14,660)	(867)	33,363	62,584	8,030	70,614
Discontinued operations																	
Net profit																	(751)
Other disclosures:																	69,863
Total assets as of June 30, 2018	25,347	15,469	52,830	140,232	741,502	167,562	519,796	357,386	364,160	5,477	6,281	985,731	108,627	2,440,948	5,931,348	(1,626,413)	4,304,935
Total liability as of June 30, 2018	15,827	5,660	37,866	46,024	308,581	72,389	26,051	24,483	201,047	2,235	2,291	384	20,069	416,135	1,179,042	(23,797)	1,155,245

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

	Julcani (Operative)	Mallay (Operative)	Orcopampa (Operative)	Uchucchacua (Operative)	Colquijirca (Operative)	La Zanja (Operative)	Tambomayo (Operative)	Exploration and development mining	Construction and engineering	Energy generation and transmission	Insurance brokerage	Rental of mining concessions	Holding of investment in shares	Industrial activities	Corporate	Subtotal	Adjustments and eliminations	Total
	US\$(000)	US\$(000)	US\$(000)	US\$(000)	US\$(000)	US\$(000)	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 June 30, 2017																		
Results:																		
Continuing operations:																		
Operating income																		
Net sale of goods	23,050	22,061	110,791	123,126	141,134	79,358	7,457	-	-	-	-	-	-	3,505	34,650	545,132	(32,778)	512,354
Net sale of services	-	-	-	-	-	-	-	-	4,614	29,926	4,409	-	308	9,703	-	48,960	(36,432)	12,528
Royalty income	-	-	-	-	-	-	-	-	-	-	-	10,110	-	-	-	10,110	-	10,110
Total operating income	23,050	22,061	110,791	123,126	141,134	79,358	7,457	-	4,614	29,926	4,409	10,110	308	13,208	34,650	604,202	(69,210)	534,992
Operating costs																		
Cost of sales, excluding depreciation and amortization	(13,633)	(13,596)	(52,695)	(67,589)	(89,347)	(48,211)	(4,084)	-	-	-	-	-	-	(2,362)	(34,435)	(325,952)	53,934	(272,018)
Cost of services, excluding depreciation and amortization	-	-	-	-	-	-	-	-	(3,847)	(12,542)	-	-	-	(4,438)	-	(20,827)	15,111	(5,716)
Exploration in operating units	(6,088)	(4,226)	(17,879)	(11,833)	-	(767)	(409)	-	-	-	-	-	-	-	-	(41,202)	-	(41,202)
Depreciation and amortization	(3,439)	(2,150)	(3,929)	(8,706)	(22,863)	(27,380)	(1,899)	-	(66)	(4,901)	-	-	-	(5,800)	(2)	(81,135)	-	(81,135)
Mining royalties	(194)	(213)	(9,879)	(1,059)	(1,469)	(753)	(81)	-	-	-	-	-	-	-	-	(13,648)	-	(13,648)
Total operating costs	(23,354)	(20,185)	(84,382)	(89,187)	(113,679)	(77,111)	(6,473)	-	(3,913)	(17,443)	-	-	-	(12,600)	(34,437)	(482,764)	69,045	(413,719)
Gross profit (loss)	(304)	1,876	26,409	33,939	27,455	2,247	984	-	701	12,483	4,409	10,110	308	608	213	121,438	(165)	121,273
Operating expenses																		
Administrative expenses	(1,815)	(1,908)	(9,001)	(10,231)	(5,906)	(1,086)	(2,372)	(637)	(1,682)	(1,189)	(5,583)	(54)	(216)	(355)	(1,887)	(43,922)	3,208	(40,714)
Exploration in non-operating areas	-	-	-	-	(1,188)	(836)	(2,005)	(1,058)	-	-	-	-	-	-	(3,057)	(8,144)	316	(7,828)
Selling expenses	(258)	(649)	(459)	(1,958)	(5,247)	(387)	(20)	-	-	(576)	-	-	-	(481)	(132)	(10,167)	-	(10,167)
Other, net	(329)	(166)	(367)	(996)	(867)	(163)	(73)	19	132	408	-	(1)	-	62	(1,695)	(4,036)	(3,835)	(7,871)
Provision for contingencies	(755)	(15)	(21)	(7,071)	-	-	(1,005)	(3,070)	-	(6)	-	-	-	-	127	(11,816)	-	(11,816)
Total operating expenses	(3,157)	(2,738)	(9,848)	(20,256)	(13,208)	(2,472)	(5,475)	(4,746)	(1,550)	(1,363)	(5,583)	(55)	(216)	(774)	(6,644)	(78,085)	(311)	(78,396)
Operating profit (loss)	(3,461)	(862)	16,561	13,683	14,247	(225)	(4,491)	(4,746)	(849)	11,120	(1,174)	10,055	92	(166)	(6,431)	43,353	(476)	42,877
Other income (expense), net																		
Share in the results of associates	-	-	-	-	-	-	-	-	-	5,149	2	-	(19,758)	-	49,370	34,763	7,046	41,809
Financial costs	(57)	(35)	(132)	(96)	(6,296)	(1,159)	(193)	(68)	(182)	(5,068)	(36)	(1)	-	(479)	(2,353)	(16,155)	686	(15,469)
Net gain (loss) from currency exchange difference	4	(13)	(25)	36	353	10	62	118	109	237	(39)	(21)	1	440	2,943	4,215	-	4,215
Financial income	-	-	-	-	92	157	-	-	-	73	1	1	(1)	26	2,810	3,159	(686)	2,473
Total other income (expense), net	(53)	(48)	(157)	(60)	(5,851)	(992)	(131)	50	(73)	391	(72)	(21)	(19,758)	(13)	52,770	25,982	7,046	33,028
Profit (loss) before income tax	(3,514)	(910)	16,404	13,623	8,396	(1,217)	(4,622)	(4,696)	(922)	11,511	(1,246)	10,034	(19,666)	(179)	46,339	69,335	6,570	75,905
Current income tax	(73)	(80)	(519)	(512)	(2,473)	(3,565)	(40)	-	-	(363)	-	(2,937)	(5)	(91)	-	(10,658)	-	(10,658)
Deferred income tax	-	-	-	-	2,865	3,981	-	-	(36)	(1,014)	-	-	-	1,026	(5,197)	1,625	-	1,625
Profit (loss) from continued operations	(3,587)	(990)	15,885	13,111	8,788	(801)	(4,662)	(4,696)	(958)	10,134	(1,246)	7,097	(19,671)	756	41,142	60,302	6,570	66,872
Discontinued operations																		3,639
Net profit																		70,511
Other disclosures:																		
Total assets as of December 31, 2017	20,922	18,923	54,114	146,464	792,594	190,310	538,057	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	18,099	6,092	42,242	49,723	388,899	87,008	32,501	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

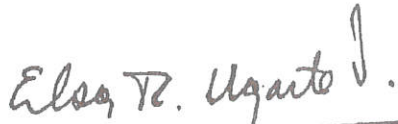
FECHA DE COLEGIATURA : 05/11/2002

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:

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

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