

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

Interim unaudited consolidated financial information as of June 30, 2003 and for the three-month and six-month periods then ended

Translation of a report and consolidated financial statements originally issued in Spanish - See Note 15 to the consolidated financial statements

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

Interim unaudited consolidated financial information as of June 30, 2003 and for the three-month and six-month periods then ended together with the report of Independent Auditors

Content

Report of Independent Auditors

Consolidated Financial Statements

Consolidated Balance Sheets

Consolidated Statements of Income

Consolidated Statements of Changes in Shareholders' Equity

Consolidated Statements of Cash Flows

Notes to the Consolidated Financial Statements

Translation of a report originally issued in Spanish -
See Note 15 to the consolidated financial statements

Report of Independent Auditors

To the Shareholders of **Compañía de Minas Buenaventura S.A.A.**

1. We have made a limited review of the accompanying consolidated balance sheet of **Compañía de Minas Buenaventura S.A.A.** (a Peruvian company) **and subsidiaries** (together, “the Company”) as of June 30, 2003 and the related consolidated statements of income and cash flows for the three-month and six-month periods then ended, and the statement of changes in shareholders’ equity for the six-month period then ended, stated in Peruvian Nuevos Soles. The preparation of these financial statements is a responsibility of the Company’s management.
2. The financial statements of Minera Yanacocha S.R.L. (an affiliated entity in which the Company has a 43.65 percent interest) as of June 30, 2003 and for the six-month period then ended, have been reviewed by other independent auditors, who have issued a limited review report dated July 21, 2003. The investment and share in the net income in this entity, based on its financial statements, amount to S/1,104.5 million at June 30, 2003 and S/175.9 million for the six-month period then ended, respectively.
3. We conducted our limited review in accordance with auditing standards generally accepted in Peru. A limited review of interim financial information consists principally of applying analytical procedures to financial data and making inquiries to persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the interim consolidated financial statements taken as a whole. Accordingly, we do not express such an opinion.
4. Based on our review and the report of the auditors of Minera Yanacocha S.R.L., which we have obtained and read, we are not aware of any material modifications that should be made to the accompanying interim consolidated financial statements for them to be in conformity with the accounting principles generally accepted in Peru.

Translation of a report originally issued in Spanish -
See Note 15 to the consolidated financial statements

Report of Independent Auditors (continued)

5. We have previously audited, in accordance with auditing standards generally accepted in Peru, the accompanying consolidated balance sheet of **Compañía Minera Buenaventura S.A.A. and subsidiaries** as of December 31, 2002, and the related consolidated statements of income, changes in shareholders' equity and cash flows for the year then ended (not presented herein). Our report dated March 4, 2003 expressed an unqualified opinion on those consolidated financial statements.

6. Effective January 1, 2003, the Company has adopted IAS 39 "Financial Instruments - Recognition and Measurement" which effects are described in notes 5 and 12 to the interim consolidated financial statements.

Countersigned by:

Víctor Burga
C.P.C. Register No.14859

Lima, Peru
July 25, 2003

Translation of consolidated financial statements originally issued in Spanish -
See Note 15

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

Consolidated Balance Sheets

As of December 31, 2002 (audited) and June 30, 2003 (unaudited)

| | Note | 2002 S/(000) | 2003 S/(000) | 2003 US\$(000) (Note 2) |
|--|-------|------------------|------------------|-------------------------------|
| Assets | | | | |
| Current assets | | | | |
| Cash and cash equivalents | 3 | 90,047 | 170,208 | 49,022 |
| Trade and other accounts receivable, net | | 85,152 | 86,904 | 25,030 |
| Accounts receivable from affiliates | 11 | 30,460 | 31,151 | 8,972 |
| Inventories, net | 4 | 73,919 | 77,548 | 22,335 |
| Current portion of prepaid taxes and expenses | | 30,658 | 42,659 | 12,287 |
| Total current assets | | <u>310,236</u> | <u>408,470</u> | <u>117,646</u> |
| Long-term account receivable | | 8,910 | 6,730 | 1,938 |
| Prepaid taxes and expenses | | 13,146 | 10,137 | 2,920 |
| Investments in shares | 5 | 1,175,863 | 1,261,324 | 363,284 |
| Property, plant and equipment, net | | 366,926 | 365,643 | 105,312 |
| Development costs and mineral lands, net | | 108,067 | 112,482 | 32,397 |
| Stripping costs | | 39,153 | 45,263 | 13,037 |
| Mining concessions, net | 6 | 172,640 | 164,579 | 47,402 |
| Total assets | | <u>2,194,941</u> | <u>2,374,628</u> | <u>683,936</u> |
| Liabilities and shareholders' equity, net | | | | |
| Current liabilities | | | | |
| Bank loans | 7 | 43,537 | 34,924 | 10,059 |
| Trade accounts payable | | 36,106 | 28,897 | 8,323 |
| Accounts payable to affiliates | 11 | 22 | 22 | 6 |
| Other current liabilities | | 63,077 | 73,378 | 21,134 |
| Current portion of long-term debt | 8 | 17,080 | 20,461 | 5,893 |
| Total current liabilities | | <u>159,822</u> | <u>157,682</u> | <u>45,415</u> |
| Derivative instruments | 12(a) | - | 367,691 | 105,902 |
| Deferred income tax and workers' profit sharing | | 17,350 | 18,232 | 5,251 |
| Long-term debt | 8 | 112,586 | 99,616 | 28,691 |
| Total liabilities | | <u>289,758</u> | <u>643,221</u> | <u>185,259</u> |
| Minority interest | | <u>44,676</u> | <u>59,633</u> | <u>17,175</u> |
| Shareholders' equity, net | 9 | | | |
| Capital stock | | 606,773 | 606,773 | 174,762 |
| Investment shares | | 1,642 | 1,642 | 473 |
| Additional paid-in capital | | 541,729 | 541,729 | 156,028 |
| Legal reserve | | 76,542 | 104,258 | 30,028 |
| Retained earnings | | 642,100 | 416,224 | 119,880 |
| Cumulative translation adjustment | | 6,917 | (9,574) | (2,757) |
| Unrealized gain on investments in shares carried at fair value | | - | 25,918 | 7,465 |
| Treasury shares | | (15,196) | (15,196) | (4,377) |
| Total shareholders' equity | | <u>1,860,507</u> | <u>1,671,774</u> | <u>481,502</u> |
| Total liabilities and shareholders' equity, net | | <u>2,194,941</u> | <u>2,374,628</u> | <u>683,936</u> |

The accompanying notes are an integral part of these consolidated balance sheet.

Translation of consolidated financial statements originally issued in Spanish - See Note 15

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

Consolidated Statements of Income (unaudited)

| | For the three-month period ended June 30, | | | For the six-month period ended June 30, | | |
|--|--|--------------------|-------------------------------|--|--------------------|-------------------------------|
| | 2002 S/(000) | 2003 S/(000) | 2003 US\$(000) (Note 2) | 2002 S/(000) | 2003 S/(000) | 2003 US\$(000) (Note 2) |
| Operating revenues | | | | | | |
| Net sales | 127,674 | 167,402 | 48,215 | 252,886 | 320,130 | 92,203 |
| Royalty income, Note 11(a) | 16,034 | 24,664 | 7,104 | 31,257 | 48,701 | 14,027 |
| Total revenues | 143,708 | 192,066 | 55,319 | 284,143 | 368,831 | 106,230 |
| Costs of operation | | | | | | |
| Operating costs | 59,547 | 76,174 | 21,940 | 129,024 | 143,262 | 41,262 |
| Depreciation | 9,879 | 10,834 | 3,120 | 18,785 | 19,087 | 5,497 |
| Exploration and development costs in operational mining sites | 17,529 | 21,192 | 6,104 | 29,553 | 35,916 | 10,344 |
| Total costs of operation | 86,955 | 108,200 | 31,164 | 177,362 | 198,265 | 57,103 |
| Gross margin | 56,753 | 83,866 | 24,155 | 106,781 | 170,566 | 49,127 |
| Operating expenses | | | | | | |
| General and administrative | 18,200 | 21,591 | 6,219 | 33,139 | 38,238 | 11,013 |
| Exploration costs in non-operational mining areas | 7,302 | 14,328 | 4,127 | 10,969 | 22,938 | 6,607 |
| Sales | 5,884 | 6,217 | 1,791 | 11,370 | 11,091 | 3,194 |
| Royalties | 3,140 | 5,694 | 1,640 | 6,111 | 10,239 | 2,949 |
| Total operating expenses | 34,526 | 47,830 | 13,777 | 61,589 | 82,506 | 23,763 |
| Operating income | 22,227 | 36,036 | 10,378 | 45,192 | 88,060 | 25,364 |
| Other income (expenses) | | | | | | |
| Share in affiliated companies, Note 5(d) | 41,157 | 107,372 | 30,925 | 71,355 | 171,853 | 49,497 |
| Gain (loss) from change in the fair value of derivative instruments, Note 12(a) | - | (31,015) | (8,933) | - | 60,003 | 17,282 |
| Realized gain on derivative instruments, Note 12(b) | 9,732 | 3,488 | 1,005 | 25,230 | 2,216 | 638 |
| Interest income | 1,958 | 1,554 | 448 | 4,231 | 2,732 | 787 |
| Loss from exposure to inflation | (3,314) | (3,251) | (936) | (3,140) | (2,401) | (692) |
| Interest expense | (3,646) | (1,912) | (551) | (7,726) | (4,207) | (1,212) |
| Amortization of mining concessions, Note 6 | (4,278) | (3,947) | (1,137) | (8,382) | (7,896) | (2,274) |
| Loss from sale of subsidiary's shares | - | - | - | (6,622) | - | - |
| Other, net | (889) | (399) | (115) | (4,713) | 2,246 | 647 |
| Total other income, net | 40,270 | 71,890 | 20,706 | 70,233 | 224,546 | 64,673 |
| Income before income tax and minority interest | 62,947 | 107,926 | 31,084 | 115,425 | 312,606 | 90,037 |
| Income tax | (5,419) | (7,842) | (2,258) | (11,153) | (14,241) | (4,101) |
| Income before minority interest | 57,528 | 100,084 | 28,826 | 104,272 | 298,365 | 85,936 |
| Minority interest | (3,018) | (10,650) | (3,067) | (4,928) | (23,892) | (6,881) |
| Net income | 54,510 | 89,434 | 25,759 | 99,344 | 274,473 | 79,055 |
| Basic and diluted earnings per share, stated in Peruvian Nuevos Soles and U.S. dollars, Note 13 | 0.43 | 0.70 | 0.20 | 0.78 | 2.16 | 0.62 |
| Weighted average number of shares outstanding, Note 13 | 127,236,219 | 127,236,219 | 127,236,219 | 127,236,219 | 127,236,219 | 127,236,219 |

The accompanying notes are an integral part of these consolidated statements.

Translation of consolidated financial statements originally issued in Spanish -
See Note 15

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

Consolidated Statements of Changes in Shareholders' Equity (unaudited)

For the six-month period ended June 30, 2002 and 2003

| | <u>Capital stock</u> | | Investment shares S/(000) | Additional paid-in capital S/(000) | Legal reserve S/(000) | Retained earnings S/(000) | Cumulative translation adjustment S/(000) | Unrealized gain on investments carried at fair value S/(000) | Treasury shares S/(000) | Total S/(000) |
|---|----------------------|-----------------------------|---------------------------------|--|-----------------------------|---------------------------------|--|---|-------------------------------|------------------|
| | Number of shares | Common shares S/(000) | | | | | | | | |
| Balance as of January 1, 2002 | 137,444,962 | 185,727 | 501 | 522,177 | 37,131 | 784,017 | 5,926 | - | (19,142) | 1,516,337 |
| Declared and paid dividends, net of dividends paid to a subsidiary, Note 9(e) | - | - | - | - | - | (27,437) | - | - | - | (27,437) |
| Capitalization of retained earnings, Notes 9(a) and (b) | - | 421,046 | 1,141 | - | - | (422,187) | - | - | - | - |
| Transfer to legal reserve | - | - | - | - | 10,211 | (10,211) | - | - | - | - |
| Gain from sale of ADR, Note 9(c) | - | - | - | 19,552 | - | - | - | - | 3,946 | 23,498 |
| Cumulative gain for translation of investment in Minera Yanacocha S.R.L., Note 5(c) | - | - | - | - | - | - | 15,363 | - | - | 15,363 |
| Net income | - | - | - | - | - | 99,344 | - | - | - | 99,344 |
| Balance as of June 30, 2002 | <u>137,444,962</u> | <u>606,773</u> | <u>1,642</u> | <u>541,729</u> | <u>47,342</u> | <u>423,526</u> | <u>21,289</u> | <u>-</u> | <u>(15,196)</u> | <u>1,627,105</u> |
| Balance as of January 1, 2003 | 137,444,962 | 606,773 | 1,642 | 541,729 | 76,542 | 642,100 | 6,917 | - | (15,196) | 1,860,507 |
| Declared and paid dividends, net of dividends paid to a subsidiary, Note 9(e) | - | - | - | - | - | (38,296) | - | - | - | (38,296) |
| Investments kept at fair value, Note 5(a) | - | - | - | - | - | (5,590) | - | 25,918 | - | 20,328 |
| Loss on derivative instruments, Note 12(a) | - | - | - | - | - | (428,747) | - | - | - | (428,747) |
| Transfer to legal reserve | - | - | - | - | 27,716 | (27,716) | - | - | - | - |
| Cumulative loss for translation of investment in Minera Yanacocha S.R.L., Note 5(c) | - | - | - | - | - | - | (16,491) | - | - | (16,491) |
| Net income | - | - | - | - | - | 274,473 | - | - | - | 274,473 |
| Balance as of June 30, 2003 | <u>137,444,962</u> | <u>606,773</u> | <u>1,642</u> | <u>541,729</u> | <u>104,258</u> | <u>416,224</u> | <u>(9,574)</u> | <u>25,918</u> | <u>(15,196)</u> | <u>1,671,774</u> |

The accompanying notes are an integral part of these consolidated statements.

Translation of consolidated financial statements originally issued in Spanish -
See Note 15

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

Consolidated Statements of Cash Flows (unaudited)

| | For the three-month period ended June 30, | | | For the six-month period ended June 30, | | |
|--|--|-----------------|-------------------------------|--|-----------------|-------------------------------|
| | 2002 S/(000) | 2003 S/(000) | 2003 US\$(000) (Note 2) | 2002 S/(000) | 2003 S/(000) | 2003 US\$(000) (Note 2) |
| Operating activities | | | | | | |
| Collection from customers | 141,870 | 144,486 | 41,615 | 258,189 | 319,741 | 92,091 |
| Collection of dividends | - | 90,506 | 26,067 | - | 90,506 | 26,067 |
| Collection of royalties | 15,150 | 23,463 | 6,758 | 30,930 | 47,388 | 13,649 |
| Collection of interest | 1,961 | 1,462 | 421 | 4,220 | 3,886 | 1,119 |
| Payments to suppliers and third parties | (70,584) | (63,305) | (18,233) | (129,556) | (140,237) | (40,391) |
| Payments to employees | (34,201) | (28,258) | (8,139) | (61,328) | (60,141) | (17,322) |
| Payments of exploration expenditures | (22,281) | (31,223) | (8,993) | (32,077) | (50,232) | (14,468) |
| Payments of income tax | (5,112) | (8,777) | (2,528) | (10,244) | (19,541) | (5,628) |
| Payments of royalties | (2,407) | (9,034) | (2,602) | (5,852) | (15,358) | (4,423) |
| Payments of interest | (2,464) | (2,840) | (818) | (5,968) | (6,639) | (1,912) |
| Net cash provided by operating activities | <u>21,932</u> | <u>116,480</u> | <u>33,548</u> | <u>48,314</u> | <u>169,373</u> | <u>48,782</u> |
| Investing activities | | | | | | |
| Proceeds from derivative instruments settled, net | 9,732 | 3,488 | 1,005 | 25,230 | 2,216 | 638 |
| Proceeds from sale of plant and equipment | - | 612 | 176 | 2,051 | 1,001 | 288 |
| Purchase of plant and equipment | (9,844) | (10,473) | (3,016) | (28,348) | (21,218) | (6,110) |
| Development expenditures | (6,352) | (7,222) | (2,080) | (6,352) | (13,223) | (3,808) |
| Purchase of investments in shares | (9,678) | - | - | (13,517) | (1,490) | (429) |
| Net cash used in investing activities | <u>(16,142)</u> | <u>(13,595)</u> | <u>(3,915)</u> | <u>(20,936)</u> | <u>(32,714)</u> | <u>(9,421)</u> |
| Financing activities | | | | | | |
| Payment of dividends | (27,437) | (38,296) | (11,030) | (27,437) | (38,296) | (11,030) |
| Decrease of long-term debt | (6,226) | (2,976) | (857) | (4,027) | (9,589) | (2,762) |
| Increase (decrease) of bank loans | 6,162 | (49) | (14) | (20,506) | (8,613) | (2,481) |
| Proceeds from ADR sale | - | - | - | 23,648 | - | - |
| Purchase of treasury shares | (150) | - | - | (150) | - | - |
| Net cash used in financing activities | <u>(27,651)</u> | <u>(41,321)</u> | <u>(11,901)</u> | <u>(28,472)</u> | <u>(56,498)</u> | <u>(16,273)</u> |
| Net increase (decrease) in cash during the period | (21,861) | 61,564 | 17,732 | (1,094) | 80,161 | 23,088 |
| Cash at beginning of period | 106,514 | 108,644 | 31,290 | 85,747 | 90,047 | 25,934 |
| Cash at period-end | <u>84,653</u> | <u>170,208</u> | <u>49,022</u> | <u>84,653</u> | <u>170,208</u> | <u>49,022</u> |

Translation of interim consolidated financial statements originally issued in Spanish - See Note 15

Consolidated Statements of Cash Flows (unaudited) (continued)

| | For the three-month period ended June 30, | | | For the six-month period ended June 30, | | |
|--|--|-----------------|-------------------------------|--|-----------------|-------------------------------|
| | 2002 S/(000) | 2003 S/(000) | 2003 US\$(000) (Note 2) | 2002 S/(000) | 2003 S/(000) | 2003 US\$(000) (Note 2) |
| Reconciliation of net income to net cash provided by operating activities | | | | | | |
| Net income | 54,510 | 89,434 | 25,759 | 99,344 | 274,473 | 79,055 |
| Add (deduct) | | | | | | |
| Loss (gain) from change in the fair value of derivative instruments | - | 31,015 | 8,933 | - | (60,003) | (17,282) |
| Share in affiliated companies, net | (41,157) | (16,866) | (4,858) | (71,355) | (81,347) | (23,429) |
| Gain on sale of plant and equipment | - | (1,015) | (293) | (1,786) | (905) | (261) |
| Depreciation | 9,926 | 11,175 | 3,219 | 18,953 | 19,908 | 5,734 |
| Loss from exposure to inflation | 3,314 | 3,251 | 936 | 3,140 | 2,401 | 692 |
| Amortization of development costs in operational mining sites | 4,064 | 4,610 | 1,328 | 8,315 | 8,455 | 2,435 |
| Amortization of mining concessions | 4,278 | 3,947 | 1,137 | 8,382 | 7,896 | 2,274 |
| Net cost of retired plant and equipment | 1,445 | 1,074 | 310 | 7,525 | 2,349 | 675 |
| Minority interest | 3,018 | 10,650 | 3,067 | 4,928 | 23,892 | 6,881 |
| Deferred income tax | 1,076 | 1,395 | 402 | 3,219 | 882 | 254 |
| Loss in sale of investments in shares | - | - | - | 6,622 | - | - |
| Net changes in assets and liabilities accounts | | | | | | |
| Decrease (increase) of operating assets - | | | | | | |
| Trade and other accounts receivable | 3,117 | (10,942) | (3,152) | (36,005) | (2,766) | (797) |
| Inventories | (4,316) | 1,444 | 415 | 1,888 | (2,126) | (612) |
| Prepaid taxes and expenses | (5,460) | (7,288) | (2,099) | 2,214 | (8,992) | (2,590) |
| Stripping costs | (4,560) | (4,730) | (1,362) | (10,084) | (6,110) | (1,760) |
| Increase (decrease) of operating liabilities - | | | | | | |
| Accounts payable | (7,323) | (674) | (194) | 3,014 | (8,634) | (2,487) |
| Net cash provided by operating activities | 21,932 | 116,480 | 33,548 | 48,314 | 169,373 | 48,782 |

The accompanying notes are an integral part of these consolidated statements.

Translation of consolidated financial statements originally issued in Spanish -
See Note 15

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

Notes to the consolidated financial statements (unaudited)

As of June 30, 2003 and 2002

1. Interim unaudited consolidated financial statements

- (a) The accompanying interim consolidated financial statements have been prepared from the accounting books and records of Compañía de Minas Buenaventura S.A.A. ("Buenaventura") and subsidiaries (together, "the Company"), which are maintained in nominal Peruvian currency and adjusted to reflect changes in the National Wholesale Price Level Index (IPM). According to such index, prices increased 0.2 and 0.4 percent during the six-month period ended June 30, 2002 and 2003, respectively.

Figures presented in the consolidated financial statements as of December 31, 2002 and for the three-month and six-month periods ended June 30, 2002 have been inflation adjusted to reflect the change in the National Wholesale Price Index (IPM) at June 30, 2003.

- (b) The criteria and accounting principles used by Management in the following interim consolidated financial statements preparation, which should be read together with the 2002 audited report, are similar to those used in the preparation of the Company's annual consolidated financial statements, except for matters related to the adoption of IAS 39, Recognition and Measurement of Financial Instruments, effective January 1, 2003 (see notes 5 and 12). Additionally, in preparing the interim consolidated financial information, Management made certain estimates and assumptions; accordingly actual results may differ from those presented in this report.
- (c) Certain figures of the consolidated financial statements as of December 31, 2002 and for the three-month and six-month periods ended June 30, 2002 have been reclassified to make them comparable with the current period figures.

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

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

| Subsidiaries | Ownership percentages as of | | | | Economic activity |
|--|-----------------------------|------------|---------------|------------|---|
| | December 31, 2002 | | June 30, 2003 | | |
| | Direct % | Indirect % | Direct % | Indirect % | |
| Buenaventura Ingenieros S.A. | 100.00 | - | 100.00 | - | Advisory and engineering services related to the mining industry. |
| Compañía de Exploraciones, Desarrollo e Inversiones Mineras S.A.C. - Cedimin | - | 100.00 | 44.83 | 55.17 | Holds investments in S.M.R.L. Chaupiloma Dos de Cajamarca, Minas Conga S.R.L. and other affiliated companies engaged in mining activities. |
| Compañía Minera Condesa S.A. | 99.99 | - | 99.99 | - | Holds investments in Buenaventura, Yanacocha and other affiliated companies engaged in mining activities. |
| Compañía Minera Colquirrumi S.A. | 73.63 | - | 73.63 | - | Extraction, concentration and commercialization of polymetallic ores, mainly zinc and lead. Currently is also engaged in electric power sales. |
| Consorcio Energético de Huancavelica S.A. | 100.00 | - | 100.00 | - | Transmission of electric power to mining companies. |
| Contacto Corredores de Seguros S.A. | - | 100.00 | - | 100.00 | Placement of insurance contracts and provision of administrative and technical services in insurance matters. |
| Inversiones Colquijirca S.A. | 59.02 | - | 59.90 | - | Extraction, concentration and commercialization of polymetallic ores, mainly zinc and lead, through its subsidiary Sociedad Minera El Brocal S.A.A. |
| Inversiones Mineras del Sur S.A. | 78.04 | - | 78.04 | - | Extraction, concentration and commercialization of gold in bars and concentrates. |
| Metalúrgica Los Volcanes S.A. | 100.00 | - | 100.00 | - | Treatment of minerals and concentrates. |
| Minera Paula 49 S.A.C. | - | 51.00 | - | 51.00 | Extraction, concentration and commercialization of concentrates, primarily gold. |
| Minas Conga S.R.L. | - | 60.00 | - | 60.00 | Holds certain mining concessions. |
| Minera Shila S.A.C. | 50.00 | 50.00 | - | - | Extraction, concentration and commercialization of concentrates, primarily gold. This Company was absorbed by Compañía de Exploraciones, Desarrollo e Inversiones Mineras S.A.C. - Cedimin effective January 2, 2003. |
| S.M.R.L. Chaupiloma Dos de Cajamarca | 20.00 | 40.00 | 20.00 | 40.00 | Owner of the mining concessions explored and exploited by Yanacocha. |

During the first quarter of 2003, the Company purchased 1,572,000 shares of its subsidiary Inversiones Colquijirca S.A. for S/1 per share. As a result of this transaction the Company's ownership in Inversiones Colquijirca S.A. increased from 59.02% as of December 31, 2002 to 59.90% as of March 31, 2003.

Translation of consolidated financial statements originally issued in Spanish - See Note 15

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

2. Convenience Translation of Peruvian Nuevos Soles amounts into U.S. dollar amounts

The interim consolidated financial statements are stated in Peruvian Nuevos Soles. U.S. dollars amounts are included solely for the convenience of the reader, and were obtained by dividing Peruvian Nuevos Soles amounts by the exchange rate for selling U.S. dollars at June 30, 2003 (S/3.472 to US\$1), as published by the Superintendencia de Banca y Seguros (Superintendent of Bank and Insurance, or "SBS"). The convenience translation should not be construed as representation that the amounts of the consolidated financial statements in Peruvian Nuevos Soles have been, or could be converted into U.S. dollars at the foregoing or any other rate of exchange.

3. Cash and cash equivalents

(a) This item is made up as follows:

| | As of December 31, 2002 S/(000) | As of June 30, 2003 S/(000) |
|---------------------------------|--|--|
| Cash | 1,136 | 2,765 |
| Current demand deposit accounts | 5,849 | 17,547 |
| Saving accounts | 6,741 | 11 |
| Time deposits | | |
| In local currency | 73,320 | 69,404 |
| In foreign currency | 3,001 | 80,481 |
| | <u>90,047</u> | <u>170,208</u> |

(b) As of June 30, 2003, the Company maintained the following time deposits:

- S/69,400,000 at an annual interest rate of 5.7 percent with maturity on July 8, 2003. With the purpose of hedging the foreign currency exchange risk associated to such time deposit, Buenaventura executed a foreign currency forward contract for US\$20,186,391 that expires on July 8, 2003 and has a specific exchange rate of S/3.6714 for each U.S. dollar, see Note 12(e).

Translation of consolidated financial statements originally issued in Spanish - See Note 15

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

- US\$22,000,000 with annual interest rates ranging from 1.05% to 1.72% and maturities of 30 days.

Currently, the Company has renewed the time deposits with similar conditions.

4. Inventories, net

This item is made up as follows:

| | As of December 31, 2002 S/(000) | As of June 30, 2003 S/(000) |
|--|--|--|
| Mineral concentrates | 31,461 | 33,308 |
| Spare parts and supplies | 48,358 | 50,140 |
| | <u>79,819</u> | <u>83,448</u> |
| Less - Slow moving and obsolescence spare parts and supplies reserve | 5,900 | 5,900 |
| | <u>73,919</u> | <u>77,548</u> |

In Management's opinion, the slow moving and obsolete spare parts and supplies reserve, is sufficient to cover this risks of at December 31, 2002 and June 30, 2003.

Translation of consolidated financial statements originally issued in Spanish - See Note 15

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

5. Investments in shares

This item is made up as follows:

| | Equity ownership percentage | | Amount | |
|---|------------------------------|--------------------------|------------------------------------|--------------------------------|
| | As of December 31, 2002 % | As of June 30, 2003 % | As of December 31, 2002 S/(000) | As of June 30, 2003 S/(000) |
| Investments carried at fair value (a) | | | | |
| Sociedad Minera Cerro Verde S.A. | | | | |
| | 9.17 | 9.17 | 19,255 | 39,583 |
| Other | | | 3,745 | 4,021 |
| | | | <u>23,000</u> | <u>43,604</u> |
| Equity method investments | | | | |
| Minera Yanacocha S.R.L. (c): | | | | |
| Equity share | 43.65 | 43.65 | 1,035,616 | 1,104,529 |
| Mining concession, net | | | 116,465 | 112,420 |
| | | | <u>1,152,081</u> | <u>1,216,949</u> |
| Sociedad Minera Coshuro de Responsabilidad Limitada | | | | |
| | 45.90 | 45.90 | 782 | 771 |
| | | | <u>1,152,863</u> | <u>1,217,720</u> |
| | | | <u>1,175,863</u> | <u>1,261,324</u> |

- (a) Until December 31, 2002, the Company carried at cost the investments in shares in entities in which its ownership is less than 20 percent, less any impairment recognized as a result of declines in value deemed to be permanent. Effective January 1, 2003, the Company has adopted IAS 39, "Financial Instruments - Recognition and Measurement", which requires that these investments be measured at fair value, and changes in this value be recognized separately in the statement of changes in shareholders' equity.

Translation of consolidated financial statements originally issued in Spanish - See Note 15

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

The Company has recorded a charge of S/5,590,000 to retained earnings related to the adoption of the initial effect of this change, and presents in the caption "unrealized gain on investments in shares carried at fair value" in the consolidated statement of shareholders' equity the change in its fair value of S/25,918,000 occurred during the six-month period ended June 30, 2003.

The Company has determined the fair value as of June 30, 2003 based on the quoted market price of Sociedad Minera Cerro Verde S.A.'s shares as of that date. The Company has not considered the fair value of the other investments due to the effect is not material to the interim consolidated financial statements.

- (b) The amount to be recorded as equity participation in Minera Yanacocha S.R.L (hereafter, "Yanacocha") was determined from audited financial statements as of December 31, 2002 and unaudited financial statements as of June 30, 2003.

Translation of consolidated financial statements originally issued in Spanish - See Note 15

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

(c) The calculation of the equity investment in Yanacocha is as follows:

| | For the three-month period ended June 30, | | For the six-month period ended June 30, | |
|--------------------------------|--|------------------|--|------------------|
| | 2002 S/(000) | 2003 S/(000) | 2002 S/(000) | 2003 S/(000) |
| Yanacocha shareholders' equity | | | | |
| at beginning of period | 1,882,222 | 2,497,943 | 1,796,464 | 2,398,628 |
| Participation percentage | 43.65% | 43.65% | 43.65% | 43.65% |
| Company's participation in | | | | |
| Yanacocha equity at beginning | | | | |
| of period | 821,590 | 1,090,352 | 784,156 | 1,047,001 |
| Elimination of intercompany | | | | |
| gains | (12,161) | (11,069) | (12,359) | (11,385) |
| Balance at beginning of period | 809,429 | 1,079,283 | 771,797 | 1,035,616 |
| Participation in Yanacocha | | | | |
| income | 43,473 | 109,110 | 75,969 | 175,462 |
| Dividends received, Note 11(a) | - | (90,506) | - | (90,506) |
| Realization of intercompany | | | | |
| gains | 200 | 132 | 398 | 448 |
| Cumulative translation effect | 10,425 | 6,510 | 15,363 | (16,491) |
| Balance at period-end | 863,527 | 1,104,529 | 863,527 | 1,104,529 |

Movements within the payment over the book value of Yanacocha's shares were as follows (mining concession):

| | For the three-month period ended June 30, | | For the six-month period ended June 30, | |
|--------------------------------|--|-----------------|--|-----------------|
| | 2002 S/(000) | 2003 S/(000) | 2002 S/(000) | 2003 S/(000) |
| Balance at beginning of | | | | |
| period | 119,210 | 114,444 | 121,673 | 116,465 |
| Amortization | (2,471) | (2,024) | (4,934) | (4,045) |
| Balance at period-end | 116,739 | 112,420 | 116,739 | 112,420 |

Translation of consolidated financial statements originally issued in Spanish - See Note 15

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

- (d) The amount recognized in the consolidated statements of income as "share in affiliated companies" is made up as follows:

| | For the three-month period ended June 30, | | For the six-month period ended June 30, | |
|-------------------------|---|-----------------|---|-----------------|
| | 2002 S/(000) | 2003 S/(000) | 2002 S/(000) | 2003 S/(000) |
| Minera Yanacocha S.R.L. | 41,202 | 107,218 | 71,433 | 171,865 |
| Other | (45) | 154 | (78) | (12) |
| | <u>41,157</u> | <u>107,372</u> | <u>71,355</u> | <u>171,853</u> |

The share in Yanacocha's income has increased in the six-month period ended June 30, 2003, as compared to the same period of 2002, due mainly to the following reasons:

- Increase of Yanacocha's total revenues from US\$289.5 million during the six-month period ended June 30, 2002 to US\$461.9 million during the six-month period ended June 30, 2003 due to (i) the increase of the realized gold price from US\$301 per ounce during the six-month period ended June 30, 2002 to US\$349 per ounce during the six-month period ended June 30, 2003, and (ii) increase of the volume of ounces of gold sold from 961,045 during the six-month period ended June 30, 2002 to 1,321,843 during the six-month period ended June 30, 2003
- Decrease of cash cost per ounce from US\$147 during the six-month period ended June 30, 2002 to US\$130 during the six-month period ended June 30, 2003.

Increased revenues have been partially offset by an increase in asset retirement and restoration obligations of US\$36 million (Buenaventura equity participation of US\$16 million).

Translation of consolidated financial statements originally issued in Spanish - See Note 15

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

- (e) Presented below is selected information about Yanacocha, the Company's most significant investment:

Economic activity

Yanacocha is engaged in the exploration for and exploitation of gold in the open pit mines of Carachugo, San José, Maqui Maqui, Cerro Yanacocha and La Quinua; all mines are located in the department of Cajamarca, Peru. Chaupiloma is the legal owner of the mineral rights on the mining concessions exploited by Yanacocha, see additional information in Note 11(a).

Summary financial information based on the Yanacocha financial statements

Yanacocha carries its accounting records in U.S. dollars, according to tax stabilization agreements signed with the Peruvian government. Presented below is certain summary financial information extracted from the Yanacocha financial statements and adjusted to conform to accounting practices and principles of the Company:

Summary data from the Yanacocha balance sheet as of December 31, 2002 (audited) and June 30, 2003 (unaudited):

| | 2002 US\$(000) | 2003 US\$(000) |
|----------------------|--------------------------|--------------------------|
| Total assets | 1,055,280 | 1,203,360 |
| Total liabilities | 374,822 | 466,699 |
| Shareholders' equity | 680,458 | 736,661 |

Translation of consolidated financial statements originally issued in Spanish - See Note 15

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

Summary data from the Yanacocha statements of income for the three-month and six-month periods ended June 30, 2002 and 2003 (unaudited):

| | For the three-month period ended June 30, | | For the six-month period ended June 30, | |
|------------------|---|-------------------|---|-------------------|
| | 2002 US\$(000) | 2003 US\$(000) | 2002 US\$(000) | 2003 US\$(000) |
| Total revenues | 149,239 | 231,887 | 289,542 | 461,928 |
| Operating income | 45,451 | 102,694 | 72,161 | 205,215 |
| Net income | 33,755 | 72,598 | 54,600 | 116,203 |

Legal proceedings

In June 2000, a contractor of Yanacocha spilled approximately 11 liters of mercury near the town of Choropampa, which is located 53 miles away from Yanacocha. As a consequence of this damage, on September 10, 2001, Yanacocha and other defendants were named in a lawsuit by over 900 Peruvian citizens in the Denver District Court of the state of Colorado in the United States (hereafter "the Court"). The plaintiffs seek compensations for the damage caused by the spill incident. This action was dismissed by the Court on May 22, 2002 and this ruling was reaffirmed by the Court on July 30, 2002. Plaintiffs' attorneys have appealed this dismissal.

In July 2002, 140 additional plaintiffs and the same plaintiffs who filed the initial lawsuit, filed another lawsuit against Yanacocha and various wholly owned subsidiaries of Newmont Mining Corporation in the same Court, seeking similar compensations as the September 2001 lawsuit. This lawsuit has been stayed pending the outcome of the appeal in the September 2001 matter. Yanacocha cannot predict the final outcome of any of the above-described lawsuits but considers that any adverse decision will not have a material effect on its financial statements.

Translation of consolidated financial statements originally issued in Spanish - See Note 15

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

6. Mining concessions, net

Corresponds to the amount paid over the fair value of net assets as a result of the additional purchase of ownerships in subsidiaries. Movements within the mining concession cost and accumulated amortization accounts were as follows:

| | Balance as of December 31, 2002 S/(000) | Additions S/(000) | Retirements S/(000) | Balance as of June 30, 2003 S/(000) |
|--|--|------------------------------|--------------------------------|--|
| Cost | | | | |
| Compañía de Exploraciones, Desarrollo e Inversiones | | | | |
| Mineras S.A.C. - Cedimin | 165,034 | - | - | 165,034 |
| Inversiones Colquijirca S.A. | 39,872 | - | - | 39,872 |
| Consorcio Energético de | | | | |
| Huancavelica S.A. | 8,553 | - | - | 8,553 |
| Sociedad Minera | | | | |
| El Brocal S.A.A. | 5,374 | - | (165) | 5,209 |
| | <u>218,833</u> | <u>-</u> | <u>(165)</u> | <u>218,668</u> |
| Accumulated amortization | | | | |
| Compañía de Exploraciones, Desarrollo e Inversiones | | | | |
| Mineras S.A.C. - Cedimin | 30,204 | 5,107 | - | 35,311 |
| Inversiones Colquijirca S.A. | 14,119 | 2,058 | - | 16,177 |
| Consorcio Energético de | | | | |
| Huancavelica S.A. | 949 | 422 | - | 1,371 |
| Sociedad Minera | | | | |
| El Brocal S.A.A. | 921 | 309 | - | 1,230 |
| | <u>46,193</u> | <u>7,896</u> | <u>-</u> | <u>54,089</u> |
| Net cost | <u>172,640</u> | | | <u>164,579</u> |

Translation of consolidated financial statements originally issued in Spanish - See Note 15

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

7. Bank loans

Bank loans, contracted in U.S. dollars, are as follows:

| | Annual interest rate | As of December 31, 2002 S/(000) | As of June 30, 2003 S/(000) |
|---|---------------------------------|--|--|
| Sociedad Minera | | | |
| El Brocal S.A.A. | | | |
| Banco de Crédito del Perú | Ranging from 3.64% to 4.45% | 10,587 | 2,778 |
| Banco Wiese Sudameris | Ranging from 4.38% to 5.27% | 4,888 | 3,472 |
| Banco Internacional del Perú - Interbank | 5.06% | 7,058 | 2,604 |
| Banco Interamericano de Finanzas - BIF | 4.15% | 3,105 | 3,298 |
| Inversiones Mineras del Sur S.A. | | | |
| Banco Wiese Sudameris | 3.38% | 7,671 | - |
| Banco Wiese Sudameris | 3.88% | 6,355 | - |
| Banco de Crédito del Perú | Ranging from 2.65% to 3.07% | 3,530 | 19,791 |
| Other subsidiaries | | <u>343</u> | <u>2,981</u> |
| | | <u>43,537</u> | <u>34,924</u> |

Bank loans were obtained to finance working capital needs and have short-term maturities. Loans obtained by Sociedad Minera El Brocal S.A.A. are guaranteed by the related shipments of lead and zinc concentrates inventories. The other bank loans do not have specific guarantees.

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

8. Long-term debt

(a) Long-term debt is composed of the following loans, principally denominated in U.S. dollars:

| | Guarantee | Annual interest rate | Maturity date | As of December 31, 2002 S/(000) | As of June 30, 2003 S/(000) |
|--|---|---|----------------------|--|--|
| Inversiones Mineras del Sur S.A. | | | | | |
| Banco de Crédito del Perú (i) | Guaranteed by Buenaventura. | 4.50% | January 2008 | 70,608 | 69,440 |
| Consortio Energético de Huancavelica S.A. | | | | | |
| BBVA Banco Continental | Guaranteed by Buenaventura. | Libor plus 1.20% (2.866% as of June 30, 2003) | April 2005 | 32,891 | 25,404 |
| Sociedad Minera El Brocal S.A.A. | | | | | |
| Banco de Crédito del Perú | Pledge of US\$5,822,000 on plant and equipment; additionally the Company will transfer cash flow from zinc and silver concentrates sales to two clients through the Company's bank account, including accrued interests between September 2001 and December 2002. | Libor plus 3.75% (4.866% as of June 30, 2003) | September 2006 | 19,409 | 19,096 |
| Teck Cominco Metals Ltd. (ii) | No specific guarantees. | Libor plus 6.00% (7.116% as of June 30, 2003) | December 2006 | 5,965 | 5,760 |
| Other | | | | 793 | 377 |
| | | | | 129,666 | 120,077 |
| Less – Current portion | | | | 17,080 | 20,461 |
| | | | | <u>112,586</u> | <u>99,616</u> |

(i) This note contains a quarterly roll over provision, has a final maturity date in 2008 and is fully guaranteed by Buenaventura. In January 2003, this loan was rolled over and an annual interest rate of 4.50% was established.

(ii) This loan is subordinated to the obligations established in the loan agreement signed with Banco de Crédito del Perú.

Translation of consolidated financial statements originally issued in Spanish - See Note 15

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

- (b) The long-term debt maturity schedule of the non-current portion of long-term debt is as follows:

| Year ended June 30, | Amount S/(000) |
|---------------------|-------------------|
| 2005 | 19,704 |
| 2006 | 8,078 |
| 2007 | 2,394 |
| 2008 | 69,440 |
| | <u>99,616</u> |

9. Shareholders' equity

- (a) Capital stock -

As of June 30, 2003 the capital stock is made up as follows:

| | Nominal value S/(000) | Restatement for inflation effect S/(000) | Total S/(000) |
|---------------|-----------------------------|---|------------------|
| Capital stock | <u>549,780</u> | <u>56,993</u> | <u>606,773</u> |

The Mandatory Annual Shareholders' meeting held on March 26, 2002 decided to increase the Company's capital stock from S/137,444,962 to S/549,779,848 (from S/185,727,000 to S/606,773,000, in constant values as of June 30, 2003) through the capitalization of a portion of retained earnings as of December 31, 2001, and by increasing the nominal value of the common shares - Series A and B from S/1 to S/4. From the capitalized amount of S/412,334,886 (approximately S/421,046,000 in constant values as of June 30, 2003), S/129,266,262 corresponds to common shares - Series A and S/283,068,624 to common shares - Series B.

The Shareholders' Meeting held on April 30, 2002 approved the re-designation of common shares - Series B as common shares - Series A, and then immediately approved the re-designation of common shares – Series A as common shares. Both decisions were effective May 3, 2002, at which date the Company's capital stock is comprised of 137,444,962 common shares with a nominal value of S/4 each.

(b) Investment shares -

As of March 31, 2003 the investment shares is made up as follows:

| | Nominal value S/(000) | Restatement for inflation effect S/(000) | Total S/(000) |
|-------------------|--------------------------------------|---|--------------------------|
| Investment shares | <u>1,489</u> | <u>153</u> | <u>1,642</u> |

The Annual Shareholders' meeting mentioned in paragraph (a) above, also decided to increase the investment shares account from S/372,320 to S/1,489,280 (From S/501,000 to S/1,642,000, in constant values as of June 30, 2003), by increasing the nominal value of investment shares from S/1 to S/4, concurrent with capitalization of a portion of retained earnings equal to S/1,116,960 (S/1,141,000 in constant values as of June 30, 2003). As a consequence, effective May 3, 2002, there are 372,320 investment shares with a nominal value of S/4 each.

(c) Additional paid-in capital -

The additional paid-in capital principally relates to the premium received on the issuance of Series B common shares (re-designated as common shares - Series A since April 2002). Additionally, it includes a gain that resulted from the sale of treasury ADR.

In the first quarter of 2002, Condesa sold to third parties an additional 314,500 ADR for approximately S/23,648,000, realizing a gain of S/19,552,000, which is presented as additional paid-in capital in the consolidated statements of changes in shareholders' equity.

(d) Legal reserve -
According to the *Ley General de Sociedades* (General Corporations Law), applicable to individual and unconsolidated financial statements, a minimum of 10% of distributable income in each year, after deducting income tax, shall be transferred to a legal reserve, until such reserve is equal to 20 percent of capital stock. This legal reserve may be used to offset losses or may be capitalized; however, if used to offset losses or if capitalized, the reserve must be replenished with future profits.

(e) Declared dividends -
The Annual Shareholders meeting held on March 26, 2002 approved a cash dividend of S/29,702,000 (equivalent to S/0.21 per share) from retained earnings as of December 31, 2001. The cash dividend includes dividends of S/2,265,000 paid to a subsidiary. The dividends were available to shareholders from April 2002.

The Annual Shareholders meeting held on March 31, 2003 approved a cash dividend of S/41,488,000 (equivalent to S/0.30 per share) from retained earnings as of December 31, 2002. The cash dividend includes dividends of S/3,192,000 paid to a subsidiary. These dividends were available to shareholders from April, 2003.

(f) Treasury shares -
This item is made up of 10,581,063 treasury shares held by the Company as of June 30, 2003. The shares cost amounts to S/15,196,000.

10. Legal proceedings

Damages claimed by a French citizen -

In February of 2002, the Company and Condesa, together with Newmont Mining, Newmont Second and certain individual persons, were defendants in an action initiated by a French citizen, with jurisdiction before the District Court of the state of Colorado in the United States. The plaintiff alleges that he was engaged as an advisor to Normandy respective to a lawsuit that concluded in October of 1998, and that such lawsuit separately motivated the execution of a Global Transaction Agreement in 2000 between the Company, BRGM, Mine Or, Normandy and their related entities (SEREM).

The Global Transaction Agreement provided for full and permanent revocation and annulment of any preferential rights on the shares of Cedimin S.A.C. in exchange for a one-time payment of US\$80 million by the Company, of which the Company paid US\$40 million.

The plaintiff asserts that he was injured because Normandy had promised to pay him a commission based fee if he was able to increase the amount of the Company's payment as ordered by the Court, which did not occur, and seeks damages of not less than US\$25 million plus interest, in addition to unspecified punitive damages that could increase the amount by threefold. Additionally, the plaintiff alleges violations of the federal RICO statute and similar provisions of Colorado law, interference with contract rights, defamation and other damages.

The defendants have filed various motions to dismiss the action and believe the arguments presented for dismissal have solid legal ground; however, rather than responding to these motions for dismissal, the plaintiff has filed another demand. The Company and Condesa have presented motions to reject the new demand.

The District Court judge of the state of Colorado in the United States has established a hearing on September 11, 2003 to listen the motions presented by the defendants and the plaintiff. At this date is not possible to predict when the Court will rule on the motions, the possible outcome of such motions or a possible range of loss.

11. Transaction with affiliated companies

- (a) The Company had the following transactions with its affiliated companies:

Yanacocha -

For the six-month period ended June 30, 2003 Compañía Minera Condesa S.A. received cash dividends from Yanacocha for approximately S/90,506,000.

S.M.R.L. Chaupiloma Dos de Cajamarca is the legal owner of the mineral rights on the mining concessions exploited by Yanacocha, and receives a 3 percent royalty on the net sales of Yanacocha. For the three-month and six-month periods ended June 30, 2003, royalties earned amounted to S/24,664,000 and S/48,701,000, respectively (S/16,034,000 and S/31,257,000 for the three-month and six-month periods ended June 30, 2002, respectively) and are presented as royalty income in the consolidated statements of income.

In March 2002, Buenaventura Ingenieros S.A. signed a technical service agreement with Yanacocha to perform a number of specialized activities and services. Pursuant to the agreement, the services performed will be related to the construction of mining projects and will include completion of analysis and studies, work plan design, and functions related to planning, monitoring and administrating the infrastructure projects required by Yanacocha in its operations. This contract will expire on December 31, 2003. The revenues related to this service contract amounted to approximately S/2,669,000 and S/5,396,000 for the three-month and six-month periods ended June 30, 2003, respectively (S/2,777,000 for the three-month period ended June 30, 2002).

In November 2000, Consorcio Energético de Huancavelica S.A. signed an agreement with Yanacocha for the construction of a 220 kW transmission line between Trujillo and Cajamarca, a 60 kW transmission line between Cajamarca and La Pajuela, and the Cajamarca Norte substation; this agreement also encompassed activities necessary to enlarge the Trujillo substation. Pursuant to this contract, the construction work should be finished in October of 2001. Concurrently, Yanacocha and the Company signed a 10-year agreement covering electric energy transmission and infrastructure operation beginning November 2001. In exchange for Buenaventura operating and managing the transmission project, Yanacocha will pay

an annual fee of US\$3.7 million. The revenues for these services for the three-month and six-month periods ended June 30, 2003 amounted to approximately S/3,353,000 and S/6,713,000, respectively (S/3,684,000 and S/6,969,000 for the three-month and six-month periods ended June 30, 2002, respectively).

- (b) As a result of these and other minor transactions, the Company has the following accounts receivable and payable from affiliated companies:

| | As of December 31, 2002 | As of June 30, 2003 |
|---------------------------------|--|------------------------------------|
| | S/(000) | S/(000) |
| Receivable | | |
| Minera Yanacocha S.R.L. | 30,281 | 31,062 |
| Other | 179 | 89 |
| | <u>30,460</u> | <u>31,151</u> |
| Payable | | |
| Compañía Minera Coimolache S.A. | <u>22</u> | <u>22</u> |

12. Derivative financial instruments

- (a) Until December 31, 2002, the Company did not account for the fair value of the derivative instruments and only disclosed the amount in notes to the consolidated financial statements. Effective January 1, 2003, the Company has adopted IAS 39, "Financial Instruments - Recognition and Measurement", which requires that the derivative instruments be recognized as assets or liabilities in the consolidated balance sheet, and measured at their fair value. The initial effect on the adoption of this IAS must be recorded as a debit or credit to

retained earnings. Subsequent changes in the fair value must be recognized in the results of the period, unless certain criteria specified in IAS 39 are met.

Management's intention is to hold derivative instruments to hedge the fluctuations in metal prices, mainly gold and silver, and not for trading purposes; however, the Company does not meet all the criteria stated in IAS 39 to accounted for the derivative instruments as a hedge. Accordingly, the Company has recorded their derivative instruments as follow:

- Recorded a charge of S/428,747,000 to retained earnings that includes a minority interest effect of S/3,258,000.
- Recognized a gain of S/60,003,000 due to the change in fair value occurred during the first semester of 2003 (loss of S/31,015,000 during the three-month period ended June 30, 2003), which is presented as other income in the consolidated statements of income.

In addition, S/367,691,000 is presented as a liability in the consolidated balance sheet in connection with the fair value of the open derivate instruments as of June 30, 2003, as detailed in paragraphs (c) and (d) below.

- (b) For the three-month and six-month periods ended June 30, 2003, the Company recognized revenues amounting to S/3,488,000 and S/2,216,000, respectively (S/9,732,000 and S/25,230,000 and for three-month and six-month periods ended June 30, 2002) in connection with derivative operations settled in those periods.

- (c) The tables below present details related to commodity derivative instruments outstanding as of June 30, 2003:

Compañía de Minas Buenaventura S.A.A. -

| Metal | Quantity (ounces) | | Collared price range (US\$/Oz) | Period |
|--------|----------------------|-----------|--------------------------------------|---------------------------------|
| | Minimum | Maximum | | |
| Gold | 657,500 (i) | 3,341,000 | 332.13 to 420 | July 2003 - December 2011 |
| Silver | 4,600,000 (ii) | 8,450,000 | 5.80 to 6.20 | July 2003 - August 2006 |

(i) Includes:

- Guaranteed sales of 305,000 ounces at sales price of US\$332.12 per ounce.
- Guaranteed sales of 127,500, 195,000 and 30,000 ounces at an average price of US\$345.21 per ounce only and when gold prices are above US\$279.50, US\$265 and US\$290 per ounce, respectively.

(ii) Includes:

- 2,900,000 ounces with a guaranteed minimum sale price of US\$5.80 per ounce (minimum price valid only and when silver price is above US\$4.15 per ounce) and a maximum sale price of US\$6.20 per ounce.
- 950,000 ounces with a guaranteed sales price of US\$6 per ounce, only and when the silver price is above US\$4 per ounce.
- 750,000 ounces with a guaranteed sales price of US\$6.20 per ounce.

Sociedad Minera El Brocal S.A.A.

| Metal | Quantity | Price | Period |
|---------------------------------|-----------------|--------------|------------------------------|
| Call options | | | |
| Zinc | 10,800 MT | US\$900/MT | July 2003 - December 2003 |
| Put options | | | |
| Zinc | 10,800 MT | US\$775/MT | July 2003 - December 2003 |
| Purchase of call options | | | |
| Zinc (*) | 5,400 MT | US\$900/MT | July 2003 - December 2003 |
| Forward contracts | | | |
| Zinc (**) | 5,400 MT | US\$895/MT | July 2003 - December 2003 |
| Zinc | 5,400 MT | US\$869/MT | July 2003 - December 2003 |
| Zinc | 2,070 MT | US\$860/MT | July 2003 - December 2003 |
| Zinc (***) | 1,200 MT | US\$900/MT | January 2004 - December 2004 |
| Silver | 300,000 Oz | US\$5.10/Oz | July 2003 - December 2003 |
| Silver (****) | 300,000 Oz | US\$4.80/Oz | January 2004 - December 2004 |
| Silver | 150,000 Oz | US\$5.05/Oz | July 2003 - December 2003 |
| Silver | 90,000 Oz | US\$4.80/Oz | July 2003 - December 2003 |

(*) These options have an exercise price of US\$7.50/MT.

(**) This derivative instrument has a daily fade-out provision if zinc price is at or below US\$750/MT.

(***) If the average zinc price in a specific month is at or below US\$780/MT, the Company will obtain the average zinc price plus US\$30/MT in that month. If the average zinc price in a specific month is at or above US\$950/MT, the Company is committed to set an additional 500MT at a price of US\$900/MT in that month.

(****) If the average silver price in a specific month is at or below US\$4.20 per ounce, the Company will obtain the average silver price plus US\$0.26 per ounce in that month. If the average silver price in a specific month is at or above US\$4.80 per ounce, the Company is committed to set an additional 12,500 ounces at a price of US\$4.80 per ounce in that month.

- (d) In 2001, Sociedad Minera El Brocal S.A.A. ("El Brocal") signed two interest rate contracts which swapped floating for fixed on a nominal value of US\$8,250,000; these contracts each possessed a 24-month maturity on June 30, 2003. The annual fixed interest rates offered under the swap agreements were 4.7 percent and 3.7 percent. These

transactions have generated a loss of approximately S/281,000 during the six-month period ended June 30, 2003 due to the decrease of the LIBOR rate.

During 2002, El Brocal entered into an additional interest rate contract of US\$5,500,000 that swapped LIBOR for a fixed annual rate of 3.05%; this swap agreement has a stated maturity of September 2006. This transaction has originated a loss of approximately S/222,000 during the six-month period ended June 30, 2003 due to the lower LIBOR rate compared to the contract's fixed rate.

- (e) Buenaventura maintains a foreign currency forward contract for US\$20,186,391 that expires on July 8, 2003 and has a specific exchange rate of S/3.4880 for each U.S. dollar, see Note 3(b). This transaction has generated a loss of approximately S/1,089,000 during the six-month period ended June 30, 2003 due to the decrease in the exchange rate.

13. Basic and diluted earnings per share

The computation of the basic and diluted earnings per share for the three-month and six-month periods ended June 30, 2002 and 2003 is presented below:

| | For the three-month period ended June 30, | | For the six-month period ended June 30, | |
|---|--|--------------|--|---------------|
| | 2002 | 2003 | 2002 | 2003 |
| Net income (numerator) | S/54,510,000 | S/89,434,000 | S/99,344,000 | S/274,473,000 |
| Weighted average number of shares outstanding (denominator) | 127,236,219 | 127,236,219 | 127,236,219 | 127,236,219 |
| Basic and diluted earnings per share | S/0.43 | S/0.70 | S/0.78 | S/2.16 |

The number of shares to be used as the denominator in the calculation of basic and diluted earnings per share for the three-month and six-month periods ended June 30, 2002 and 2003 was determined as follows:

| | 2002 | 2003 |
|------------------------|--------------------|--------------------|
| Common shares | 137,444,962 | 137,444,962 |
| Investment shares | 372,320 | 372,320 |
| | <u>137,817,282</u> | <u>137,817,282</u> |
| Less - treasury shares | <u>10,581,063</u> | <u>10,581,063</u> |
| | <u>127,236,219</u> | <u>127,236,219</u> |

14. Statistical data

Statistical data of the Company related to the volume of inventories sold and average sale prices by product for the three-month and six-month periods ended June 30, 2002 and 2003 are as follows:

(a) Mineral volumes of inventories sold were:

| | For the three-month period ended June 30, | | For the six-month period ended June 30, | |
|--------|--|--------------|--|--------------|
| | 2002 | 2003 | 2002 | 2003 |
| Gold | 57,220 Oz | 75,613 Oz | 119,954 Oz | 152,281 Oz |
| Silver | 2,665,123 Oz | 3,347,139 Oz | 5,777,592 Oz | 5,409,203 Oz |
| Lead | 5,463 MT | 7,534 MT | 10,697 MT | 12,099 MT |
| Zinc | 11,504 MT | 12,477 MT | 22,904 MT | 26,080 MT |
| Copper | - | 87 MT | - | 153 MT |

(b) Average sale prices by product were:

| | For the three-month period ended June 30, | | For the six-month period ended June 30, | |
|--------|--|--------------|--|--------------|
| | 2002 US\$ | 2003 US\$ | 2002 US\$ | 2003 US\$ |
| Gold | 306.93/Oz | 348.96/Oz | 297.05/Oz | 348.70/Oz |
| Silver | 4.67/Oz | 4.63/Oz | 4.64/Oz | 4.64/Oz |
| Lead | 465.46/MT | 464.62/MT | 468.13/MT | 461.07/MT |
| Zinc | 786.59/MT | 774.23/MT | 790.37/MT | 778.97/MT |
| Copper | - | 1,648.15/MT | - | 1,641.81/MT |

15. Explanation added for English language translation

The accompanying consolidated financial statements are presented on the basis of accounting principles generally accepted in Peru. Certain accounting practices applied by the Company that conform with generally accepted accounting principles in Peru may differ in certain respects to generally accepted accounting principles in other countries.