

# BUENAVENTURA

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CORPORATE BROCHURE





# A good venture for the new PERU

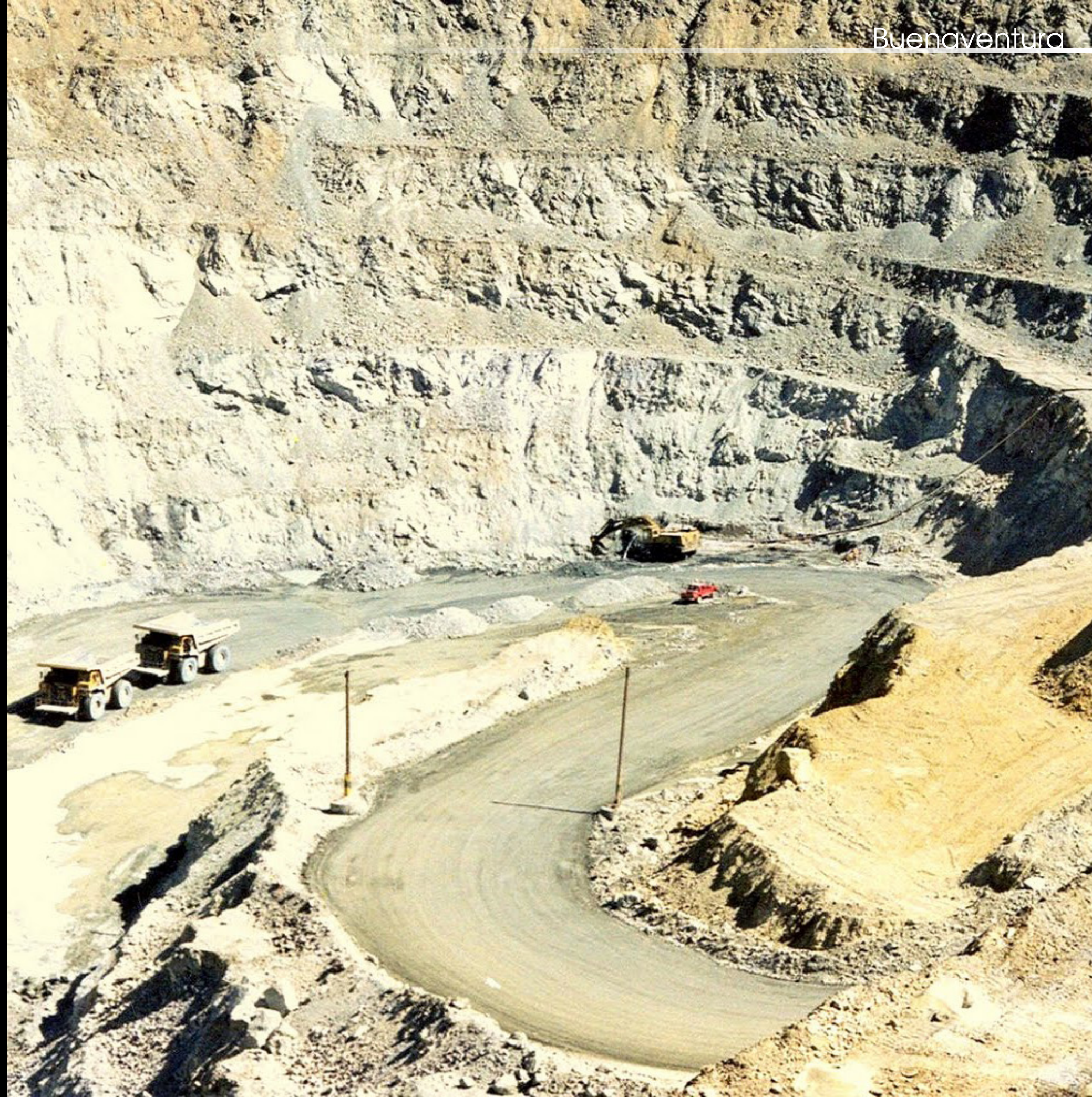
Buenaventura is Peru's largest publicly-traded precious metals company and a major holder of mining rights in Peru: it is a vital player in the country's economy and is investing with international partners to develop Peru's mining sector



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uenaventura is a big player in the Peruvian economy, with annual revenues over \$1 billion. This mineral-rich country attracts the attention of the major international mining companies like Xstrata and Newmont, but Buenaventura is the largest indigenous mining company, at least in the precious metals field, and it is a major investor in the extraction, processing, development and exploration of gold, silver and other metals both through its own mines and through its participation in joint exploration projects. The company was listed on the Lima Stock Exchange in 1971 and on the New York Stock Exchange in 1996.

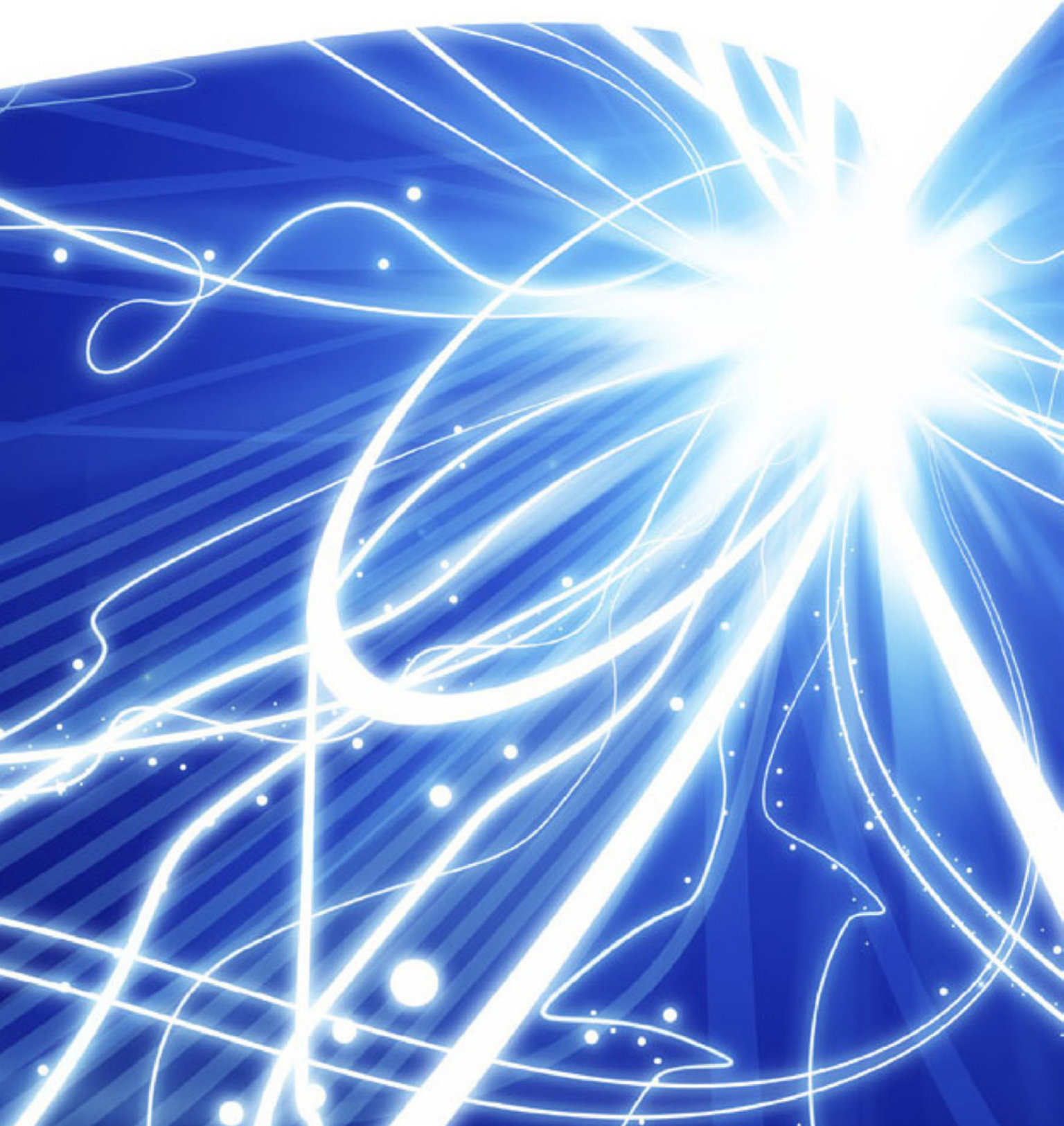
The main pillar of Buenaventura's development rests on the wholly-owned mines in Peru, of which there are seven: Orcopampa, Uchucchacua, Antapite, Julcani, Recuperada, Shila-Paula and Ishihuinca. Most of these are located in the south of Peru: only Uchucchacua is to the north of Lima. The oldest of these mineral operations is Recuperada, started in 1956 just three years after the company was founded.





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During its first 25 years, the company's efforts focused on the exploration of silver mines. It built up its principal mines in Peru, beginning with the acquisition of the Julcani mine in 1953. Exploration of the Orcopampa gold mine commenced in 1962 and it went into operation in 1965. Uchucchacua, a silver lead and zinc mine, was explored from 1960 and operations began there in 1975. In addition to its wholly owned resources Buenaventura has a controlling interest in the Colquijirca (El Brocal) zinc/lead mine 285 kilometres east of Lima.

Acquisitions of property followed by exploration



expanded the company's mineral reserves over the following years, and Buenaventura sharpened its gold focus. As part of this strategy, it acquired a 43.65 percent equity interest in the Yanacocha mine 3,500 to 4,200 metres above sea level and 48 km north of the city of Cajamarca. Yanacocha is Latin America's first gold producer and one of the most important gold districts in the world.

Yanacocha is operated by Newmont Mining, its majority shareholder at 51.35 percent—the remaining five percent is held by the World Bank. Other partnerships include Sociedad Minera Cerro Verde, a copper mine 30 kilometres south-west of Arequipa.







Buenaventura is one of three major shareholders with an 18.5 percent interest, while Phelps Dodge, which operates the mine, and Sumitomo between them control just over 73 percent. Both Yanacocha and Cerro Verde are open pit mines, whereas the gold mines that Buenaventura owns and developed with its own resources tend to be underground operations.

In 2004 Cerro Verde built a \$850 million copper sulfide flotation plant with a planned annual production rate around 200,000 tonnes of copper fines contained in concentrates, in addition to the 100,000 tonnes annual production of the mine.

Discovery of gold deposits and subsequent production at the Orcopampa, Shila, Ishihuinca and

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■ We are Buenaventura’s adviser in the design, engineering, construction and operation of effluents plants, in order to successfully guarantee the compliance with global environmental standards.

■ As the leading supplier of raw materials for mining that we are, we also provide Buenaventura with all the chemical products, programs and logistic services of high quality required.

Antapite mines transformed Buenavista from being primarily a silver producer into its present status as a company that specializes in gold. In 2010 its total production of gold rose to more than 450,000 ounces accounting for 58 percent of its revenues: copper was the next most productive element at 24 percent but silver had dropped to 12 percent. 2010 figures show that while Buenaventura’s directly owned operations yielded 41 percent of its net profit, the joint ventures at Yanacocha and Cerro Verde were equally important, at 34 and 25 percent respectively.

The partnerships appear to be where the greatest growth will come in the next few years. In May 2011 a major new gold/copper/silver discovery was announced in the south of Peru. Intensive drilling at the Chucapaca project has revealed a potential of 5.6 million gold equivalent ounces. The Canahuire resource, as it is called, was described by Roque Benavides, chief executive officer of Buenaventura which has a 49 percent interest in the project and Nick Holland, chief



executive officer of Gold Fields Ltd which holds the majority share, as a highly promising gold discovery in an emerging gold district in South America. “Geological indications are that there is significant upside at the Canahuire deposit, as well as at other targets within the project area. This is an important growth opportunity for Gold Fields and Buenaventura, and could also make a significant contribution to the economic development of our community partners in the Moquegua region.”

The Canahuire deposit is 4,800 metres above sea level in the Altiplano area of southern Peru: it is just one of a number of potential targets on the Chucapaca project, which covers a massive 12,700 hectares. Benavides estimates the \$750 million JV will produce 500,000 ounces of gold per year once it starts producing in 2015.

Meanwhile Buenaventura plans to make an investment of around \$3 billion in the Cerro Verde mine, with the goal of increasing production in Peru’s third largest copper mine. “The mine and processing plant is in development and will probably triple its processing capacity,” says Benavides, who has run Buenaventura since 2001.

A similar sum is being earmarked by Buenaventura and its giant American partner Newmont (the biggest gold mining company in the world) to develop the Conga copper/gold project, which lies beside the Yanacocha resource. The Conga project is at the feasibility study stage at the moment but is expected to get board approval for fast track development this year and the scale of the operations there is illustrated by the fact that Yanacocha has ordered the world’s largest SAG (semi-autogenous grinding) mill from Metso. The 42 foot diameter mill is the first of its kind according to the manufacturer.

Buenaventura expects its 2011 gold production to be on par with its 2010 production of 458,765 ounces, while its silver output should be slightly higher than the 13.47 million ounces produced in 2010, says Roque Benavides. However he, in common with the entire mining community in Peru, is worrying about the future of mining under the newly elected president Ollanta Humala, a radical socialist. \$42 billion is expected to be injected into Peru’s mining industry by foreign investors over the next ten years and that could be at risk.

Mining companies expect to pay a windfall tax on profits but are concerned the government may want to squeeze the industry further: Humala has said that mining companies ought to contribute more to the state, and that profits from inflated metals prices could be used to finance social programs. Benavides believes the prudent path would be to increase the tax rate on profits but not on sales: “It is very important not to hurt marginal projects.” [www.buenaventura.com](http://www.buenaventura.com) BE



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