



Product 3: Final Report

Consulting Service for Preparation of the EITI -
Peru National Reconciliation Study

(Donation Agreement No. TF057870)

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Executive Summary

The Extractive Industries Transparency Initiative (hereinafter EITI) was released and proposed worldwide in September 2002 by the Prime Minister of the United Kingdom at the World Summit on Sustainable Development held in Johannesburg. The purpose of the EITI is to make both the payments by the companies and the revenues received by governments transparent and known to all of a country's citizens, so figures may be certified, disclosed and made available to every citizen. The term extractive industries shall be understood to refer to mining and hydrocarbon activities.

The EITI seeks to contribute to a stronger State, fight corruption, reduce conflict in the communities where extractive industries are located and show the actual benefits that these industries bring to a country. The participation and the adhesion of industries (mining and hydrocarbon), as well of representatives of civil society organisations and of EITI States, to its principles and standards, is completely voluntary.

Due to the importance of mining and hydrocarbon extractive industries to Peru's GDP and exports, in the year 2004 Peru was invited to join the EITI. Thus, in May 2005 Peru adhered to the EITI and its implementation. In May 2006, by Supreme Decree 027-2006-EM, the Peruvian government approved the Action Plan for implementation of the EITI and created the Working Committee in charge of implementing the Action Plan. The Working Committee consists of the Ministry of Energy and Mines that chairs the Committee; the Peruvian Mining, Oil and Energy Society; and representatives of mining and hydrocarbon companies, universities and Civil Society Organisations, both national and regional, involved in transparency and citizen monitoring issues in the extractive industries.

In its second meeting, held on January 17, 2007, the Working Committee approved the Action Plan for implementation of the EITI in Peru, starting with the first task set by such Plan, namely, "Validation and reconciling of the magnitude of payments made by extractive industries and the revenues received by the government from these industries."

In subsequent meetings, the EITI Working Committee - Peru appointed Medina, Zaldívar, Paredes & Asociados Sociedad Civil de Responsabilidad Limitada, a member firm of Ernst & Young (hereinafter Ernst & Young) to act as reconciler in the EITI - Peru National Reconciliation Study for the 2004 - 2007 period (hereinafter the Study). The Study is intended to conduct an independent, reliable and systematic verification and validation of the payments made to the Peruvian government by mining, oil and gas companies (participating voluntarily) operating in the national territory of Peru, the revenues that governmental entities have received from such companies, and the distribution of such revenues on a central, regional and local level during the 2004 – 2007 period, as part of performance by such companies of their tax and non-tax obligations as set forth in Peruvian applicable laws.

Thirty-three extractive companies participated voluntarily in this Study: 24 mining companies (19 in operation and 5 in the prospecting stage) and 9 hydrocarbon companies (8 in operation and 1 in the prospecting stage). The detail of these companies is provided in Section II of this report. It is worth noting that each company has signed a statement of adhesion in which it states its willingness to provide the information in aggregate form (13 companies) or in disaggregated form (20 companies). These companies had a significant share in nationwide mining and hydrocarbon production during the period under review (2004 – 2007).

The share of companies adhering to the Assessment in Peruvian production of each mineral during the 2004 – 2007 period is shown below:

Mineral	Participation of companies adhering to the Study			
	Year 2004	Year 2005	Year 2006	Year 2007
Molybdenum	100%	100%	100%	100%
Tin	100%	100%	100%	100%
Copper	96%	95%	95%	95%
Gold	70%	74%	73%	66%
Zinc	52%	53%	52%	56%
Silver	51%	55%	58%	53%
Lead	37%	30%	44%	43%

As for hydrocarbon companies participating in the Study, their share in national production during the 2004 – 2007 period ranges from 70% to 75% for liquid hydrocarbons; and from 27% to 50% for natural gas.

Furthermore, 5 public entities have participated in the reconciling process in its collection and distribution stages:

- National Tax Administration Superintendence (*Superintendencia Nacional de Administración Tributaria*), (hereinafter SUNAT)
- Ministry of Economy and Finance (*Ministerio de Economía y Finanzas*), (hereinafter MEF)
- Geological, Mining and Metallurgical Institute (*Instituto Geológico, Minero y Metalúrgico*), (hereinafter INGEMMET)
- Ministry of Energy and Mines (*Ministerio de Energía y Minas*), (hereinafter MEM)
- Presidency of the Cabinet of Ministers (*Presidencia del Consejo de Ministros*), (hereinafter PCM)
- Perupetro

Payments made to the Peruvian government by extractive companies involved in this Study were:

- Income Tax
- Mining Royalties
- Hydrocarbon Royalties
- Property Fees

In its capacity as reconciler, Ernst & Young performed the following tasks:

- Review and documentation of the payment process, revenue receipts and distribution of payments made by extractive companies to the various government sectors, for purposes of including conceptual information about this process. In this respect, for each payment reconciled, a conceptual framework that summarises the concepts, legal basis, participants, calculation basis, and frequency, use of proceeds, collection process, and distribution of each concept included in this Study has been developed.
- Reconciliation of payments made by companies adhering to the Study to the Peruvian government for Income Tax, mining royalties, hydrocarbon royalties and property fees with revenues for such items collected by public entities. For this purpose, the companies and entities were requested information to be provided in pre-designed forms, such information was tabulated and the differences determined. If any inconsistencies existed, the reconciled balances were reconfirmed to clarify the differences originally found.

- Reconciliation of revenues collected under the aforementioned items and the amounts distributed by the pertaining public entities: MEF and PCM for Income Tax and Mining Royalties; Perupetro and PCM for hydrocarbon and gas royalties; and INGEMMET for property fees.
- Determination of Recommendations and Findings based on the results of the Study.

Reconciling in all cases other than Income Tax was based on the amounts reported and paid by the companies. For Income Tax, reconciliation was based on amounts reported to SUNAT on an annual basis for two reasons:

- Payment of Income Tax is made in more than one manner, as opposed to payment of the other items. Unlike payment of the other items, payment of Income Tax is made by monthly payments on account, annual settlements of the Income Tax, and tax credit applications, amongst others, so it is more efficient to review the amount reported (which is ultimately also the amount paid over time).
- Income Tax Distribution in the form of a Mining Canon^{T.N.} is based on amounts reported on an annual basis by the companies to SUNAT via the Annual Income Tax Return.

The scope of our work was limited to the items set out in the foregoing paragraphs.

^{T.N} The term canon refers to payments on income obtained from extraction of natural resources.

1. Findings of the Reconciliation Study of payments made to the Peruvian government by the companies adhering to this Study and the revenues receive by governmental entities from such companies.

No significant differences for the period under review have been identified in reconciliation of either the Income Tax or the royalties. A net difference of 9% has been found in property fees, as detailed below:

- No differences between the amounts reported as paid by companies and the amounts reported as received by SUNAT were found in reconciling Income Tax.
 - In reconciling the Income Tax of mining companies, we found differences pertaining mainly to 3 companies in the years 2004, 2005 and 2007, which account for 0.005% of the total amounts reported in soles and 0.003% of the total amounts reported in US dollars.
 - In reconciling mining royalties, we found differences in the years 2004, 2005 y 2007, which result from mining royalty late payment penalties in some months (10% of the amount paid by companies), which have been reported by MEF and SUNAT, but not by some companies. Such difference accounts for 0.184% of the reconciled total.
 - In reconciling Mining and Hydrocarbon Royalties, we found minor differences resulting mainly from adjustments to the reports by Perupetro (the revenue collection entity). Such difference accounts for 0.001% of the reconciled total.
 - In reconciling property fees, we found differences pertaining mainly to payment reports of mining claims by companies who are not the owners thereof. Furthermore, we identified mining claims owned by companies adhering to the Study that have failed to be reported by such companies for reconciling purposes, because they were paid by third parties. On the other hand, the differences also arise from exchange rates used to convert the reported amounts to nuevos soles for reconciling purposes. The total net differences account for 9% of the total reconciled amounts.
2. Findings of the Reconciliation Study of revenues received by governmental entities and the amounts distributed on a central, regional and local level.

Since the official information on mining, oil and gas canons, the oil additional canon, and the mining royalties is prepared in aggregate form and does not detail the amounts to be distributed on payments made by each contributing company and because the 33 companies adhering to the Study do not account for 100% of the domestic production of the resources that they extract, the amounts distributed by company were recalculated and it was deemed reasonable that the results of such recalculation (as applicable) be lower than or equal to the official amounts reported by the pertaining public entities (PCM and INGEMMET), from which it can be surmised that the revenues received from these companies shall be distributed amongst the pertaining communities.

This review showed that for the mining canon, mining royalties, the oil canon and additional canon, recalculation results were lower than or equal to the amounts reported by the PCM, which is consistent with the above indication.

On the other hand, in connection with reconciling the property fees received by INGEMMET and the amounts distributed by INGEMMET on a central, regional and local level, this review determined that the amount distributed by INGEMMET in most cases accounts for 75% of the amounts received as indicated by applicable regulations. Recalculating this distribution was not necessary, because such information was provided by INGEMMET for each of the companies adhering to the Study.

3. Recommendations

The recommendations made in this report are intended to improve the performance of future Reconciliation Studies. Main recommendations include:

- Obtain from the companies adhering to the Study copies of their Tax Returns for each of the payments involved in this Study, in order to make available the entire information contained in such Tax Returns from the start of the reconciliation process, which will expedite and make the reconciliation process more efficient.
- Make the necessary arrangements with MEF and SUNAT as required for SUNAT to provide the information related to collection of mining royalties, considering that SUNAT is the entity entrusted with this collection even if MEF is in charge of collecting and managing mining royalties.
- Coordinate with the Economic and Social Affairs Bureau of MEF for this entity to determine the information on proceeds from the amounts provided by each of the companies adhering to the Study to be distributed on a central, regional and local level, because this entity is in charge of determining the amounts to be distributed by area nationwide and, therefore, has the tools required for this.
- Coordinate with INGEMMET for this entity to improve control of the mining claims as concerns internal transfers, subleases, assignments, etc. of such mining claims between companies who are holders of the mining claims and those who benefit from them, because this would facilitate the process of reconciling property fees by reducing differences to a minimum.
- Coordinate with the public entities participating in this Study to ensure that future studies comply with the use of the forms pre-established by the Reconciler to report the collected amounts to be reconciled, in order to expedite the reconciliation process and standardise the information obtained thereby.
- Consider review of the assignment of the funds distributed to each locality as part of future Reconciliation Studies, as provided in applicable laws.
- Promote amongst extractive companies operating in the country the filing in disaggregated form of the information on the payments made by such companies for the items within the scope of this Study, in furtherance of the transparency goals of the EITI.
- Promote greater involvement of the country's hydrocarbon companies in this Study, so that they may be better represented.
- Consider as part of the scope of future studies the reporting of the production volumes of each of the companies adhering to the Study, in cases where government revenues are associated with the amounts of resources extracted, as is the case, for instance, of royalties.

The EITI Working Committee has reviewed the contents of this document. As a result of this review, the Working Committee has made a series of comments, set down in a document dated September 28, 2009, which we have reviewed with our team of professionals.

I. Purpose

The purpose of the EITI – Peru Reconciliation Study is to conduct independent, reliable and systematic verification and validation of the payments made to the Peruvian government by mining, oil and gas companies operating in Peruvian national territory (participating voluntarily and detailed in the scope Section) and of the revenues that governmental entities have received from such companies, and the distribution of such revenues on a central, regional and local level during the 2004 – 2007 period, as part of performance by such companies of their tax and non-tax obligations as set forth in Peruvian applicable laws.

Furthermore, the Study includes conceptual information on the process of payment generation and receipt of revenues from extractive industries, and on the process involved in revenue distribution to the various sectors of government, and implementation thereof (conceptual clarifications about the process to determine income tax, payment methods and mechanisms, time intervals between payments made by the companies and the transfers made to the various levels of government, etc.).

The purpose of this Product 3: Final Report is to submit the methodological approach applied, the final results of the reconciliation of payments made by participating companies and the revenues received by the Peruvian government through public entities, and the pertaining distribution thereof. This product includes processing and analysis of the information, both general and detailed by company, as appropriate. Furthermore, this product includes the results of the reconciliation and the findings and recommendations of the EITI - Peru National Reconciliation Study.

II. Scope

1. Participating Companies

The scope of the assistance provided by Medina, Zaldívar, Paredes & Asociados S. Civil de R. L. is limited to preparation of the EITI - Peru National Reconciliation Study of the 33 companies that have voluntarily adhered to this Study.

Hydrocarbons Subsector - in operation

1. Hunt Oil Company of Perú L.L.C.
2. Maple Gas Corporation del Perú S.R.L.
3. Olympic Perú INC, Sucursal del Perú
4. Petrobras Energía Perú S.A.
5. Pluspetrol Norte S.A.
6. Pluspetrol Perú Corporation S.A.
7. Pluspetrol Camisea S.A.
8. Repsol Exploración Perú, Sucursal del Perú

Hydrocarbons Subsector – in prospecting

9. Perenco Perú Limited, Sucursal del Perú

Mining Subsector - in operation

10. Compañía de Minas Buenaventura S.A.A.
11. Compañía Minera Antamina S.A.
12. Compañía Minera Argentum S.A.
13. Compañía Minera Milpo S.A.A.
14. Compañía Minera Raura S.A.
15. Empresa Minera Los Quenuales S.A.
16. Minera Bateas S.A.C.

17. Minera Pampa de Cobre S.A.
18. Minera Yanacocha S.R.L.
19. Minsur S.A.
20. Pan American Silver S.A.C. Mina Quiruvilca
21. Perubar S.A.
22. Sociedad Minera Cerro Verde S.A.A.
23. Southern Perú Copper Corporation, Sucursal del Perú
24. Xstrata Tintaya S.A.
25. Minera Barrick Misquichilca S.A.
26. Sociedad Minera El Brocal S.A.A.
27. Inversiones Mineras del Sur S.A. (taken over by Compañía de Minas Buenaventura S.A.A. in 2007)
28. Cedimin S.A.C.

Mining Subsector – in prospecting

29. Anglo American Michiquillay S.A.
30. Anglo American Quellaveco S.A.
31. Anglo American Exploration Perú S.A.
32. Río Tinto Minera Perú Limitada S.A.C
33. Río Tinto Mining and Exploration S.A.C.

In connection with scope of the Study, the EITI - Peru Working Committee and the Ministry of Energy and Mines acknowledge they are solely responsible for determining the sufficiency of the procedures followed for their purposes and the sufficiency of the documents and tests for the purposes of the EITI - Peru National Reconciliation Study. Therefore, Medina, Zaldívar, Paredes & Asociados S. Civil de R. L. makes no statement on the sufficiency of the procedures for which this assistance was requested or for any other purpose.

Furthermore, the Management of each of the Companies listed above are solely responsible for: (a) setting and maintaining effective internal controls to monitor payments made to the Peruvian government during the period under review; (b) ensuring the sufficiency of the internal control documentation and maintenance thereof; and (c) identifying all laws and regulations applicable to the activities of the Company and compliance therewith.

2. Representativeness of the companies adhering to the EITI - Peru Reconciliation Study

To show the representativeness that the companies adhering to this Study have vis-à-vis the domestic extractive activity, below we provide the main production figures of the mining and hydrocarbon sectors nationwide, as well as the share of each of these companies in domestic production in both the mining and hydrocarbon sectors.

2.1 Mining Sector

Position of Peruvian mining during the years 2004, 2005, 2006 and 2007, by mineral produced

The main minerals produced in Peru and their respective position vis-à-vis production levels worldwide and in Latin America are detailed below:

Mineral	2004		2005		2006		2007	
	World	Latin America	World	Latin America	World	Latin America	World	Latin America
Silver	2	2	2	2	1	1	1	1
Zinc	3	1	3	1	3	1	2	1
Copper	3	2	4	2	3	2	2	2
Tellurium	3	1	n/a	n/a	3	1	3	1
Tin	3	1	3	1	3	1	3	1
Bismuth	3	1	n/a	n/a	3	1	3	1
Lead	4	1	4	1	4	1	4	1
Molybdenum	4	2	n/a	n/a	4	2	4	2
Gold	6	1	5	1	5	1	5	1
Indium	8	1	n/a	n/a	8	1	8	1
Selenium	8	2	n/a	n/a	8	2	8	2
Iron	17	5	n/a	n/a	17	5	17	5

n/a: No information available

Source: Anuarios Mineros 2004, 2006, 2007; Ministerio de Energía y Minas.

Of the minerals that are part of the mining production in this country, the companies adhering to this Study participate mainly in production of the following minerals:

Mineral	Participation of Companies Adhering to the Assessment			
	Year 2004	Year 2005	Year 2006	Year 2007
Molybdenum	100%	100%	100%	100%
Tin	100%	100%	100%	100%
Copper	96%	95%	95%	95%
Gold	70%	74%	73%	66%
Zinc	52%	53%	52%	56%
Silver	51%	55%	58%	53%
Lead	37%	30%	44%	43%

Source: Ministry of Energy and Mines.

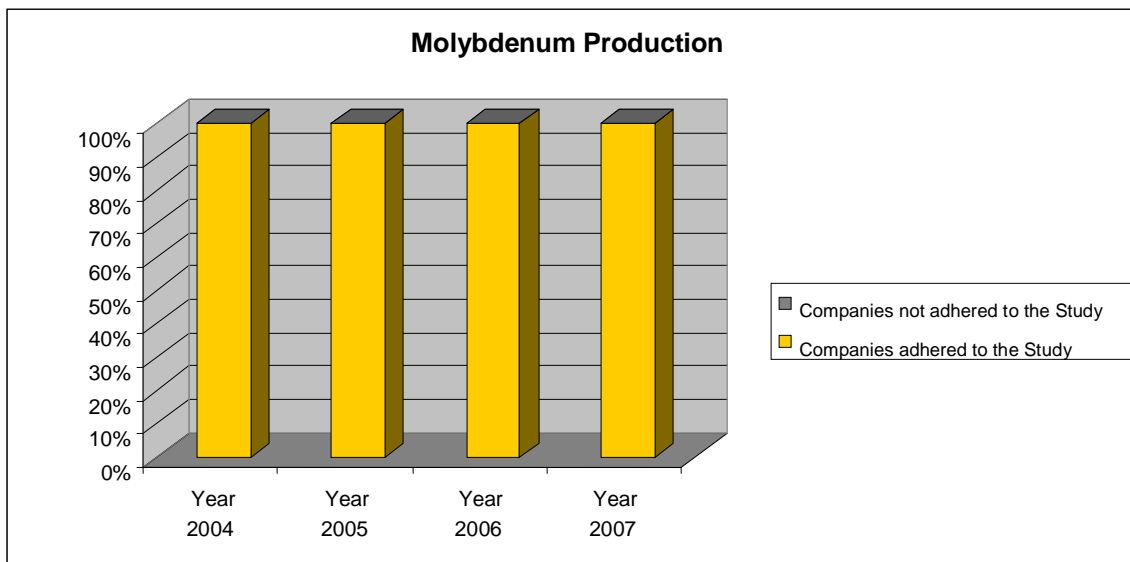
Share by mineral produced

The share of each of the companies adhering to the Study in domestic production by mineral produced during the years under review is provided below:

Molybdenum Production:

Company	Year 2004	Year 2005	Year 2006	Year 2007
Southern Peru Copper Corporation, Sucursal del Perú	74.84%	61.20%	54.24%	59.86%
Compañía Minera Antamina S.A.	25.16%	38.80%	45.76%	38.02%
Sociedad Minera Cerro Verde S.A.A.	0.00%	0.00%	0.00%	2.12%
Total	100.00%	100.00%	100.00%	100.00%

Source: Ministry of Energy and Mines.

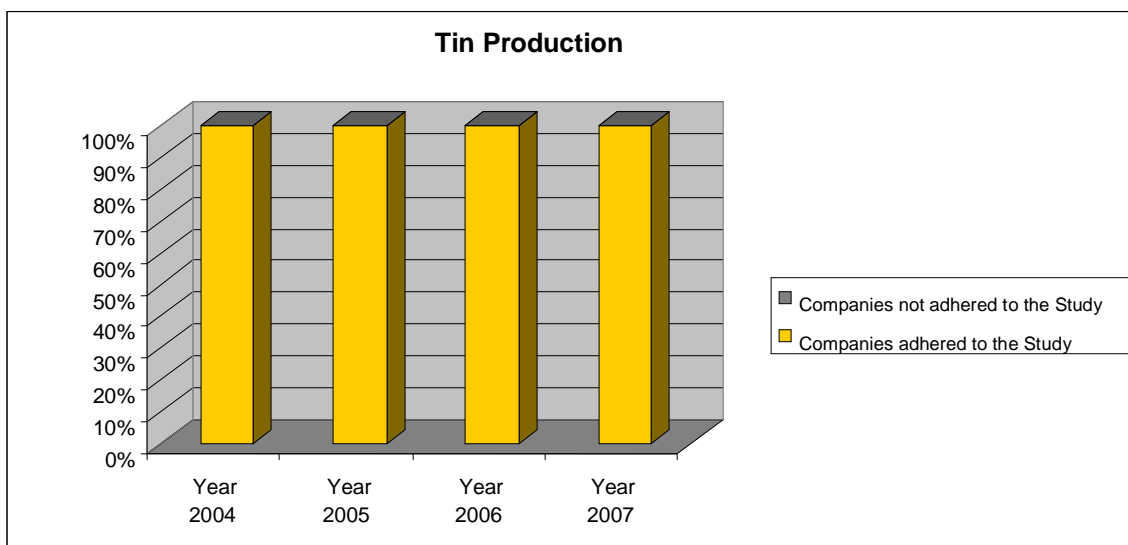


Source: Ministry of Energy and Mines.

Tin Production:

Company	Year 2004	Year 2005	Year 2006	Year 2007
Minsur S.A.	100,00%	100,00%	100,00%	100,00%

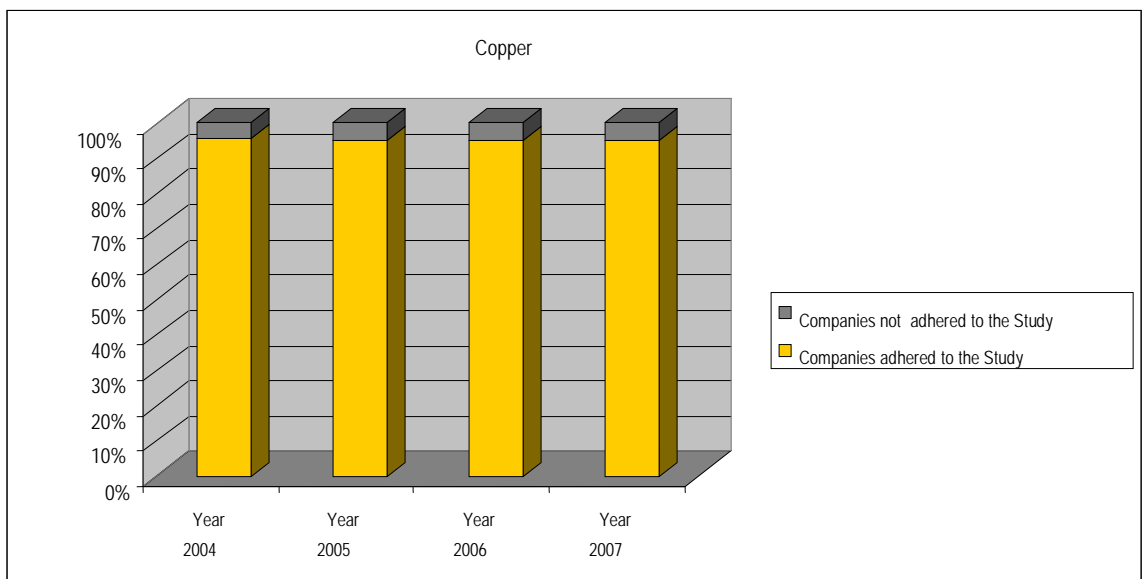
Source: Ministry of Energy and Mines.



Source: Ministry of Energy and Mines.

Copper Production:

Company	Year 2004	Year 2005	Year 2006	Year 2007
Southern Peru Copper Corporation, Sucursal del Perú	38.37%	35.41%	34.52%	30.22%
Compañía Minera Antamina S.A.	35.82%	37.93%	37.27%	28.68%
Xstrata Tintaya S.A.	11.45%	10.83%	11.03%	10.04%
Sociedad Minera Cerro Verde S.A.A.	8.55%	9.26%	9.20%	23.02%
Empresa Minera Los Quenuales S.A.	0.45%	0.51%	0.59%	0.44%
Compañía Minera Raura S.A.	0.34%	0.27%	0.37%	0.29%
Compañía Minera Milpo S.A.A.	0.22%	0.27%	0.25%	0.44%
Pan American Silver S.A.C. Mina Quiruvilca	0.14%	0.16%	0.37%	0.38%
Perubar S.A.	0.09%	0.16%	0.19%	0.17%
Sociedad Minera El Brocal S.A.A.	0.06%	0.09%	0.21%	0.28%
Compañía Minera Argentum S.A.	0.05%	0.16%	0.23%	0.25%
Inversiones Mineras Del Sur S.A.	0.01%	0.02%	0.01%	0.00%
Compañía de Minas Buenaventura S.A.A.	0.01%	0.01%	0.01%	0.02%
Minera Pampa de Cobre S.A.	0.00%	0.00%	0.47%	0.59%
Minsur S. A.	0.00%	0.00%	0.10%	0.15%
Minera Bateas S.A.C.	0.00%	0.00%	0.00%	0.02%
Cedimin S.A.C.	0.00%	0.00%	0.00%	0.00%
Companies not adhering to the Assessment	4.44%	4.92%	5.18%	5.01%
Total	100.00%	100.00%	100.00%	100.00%

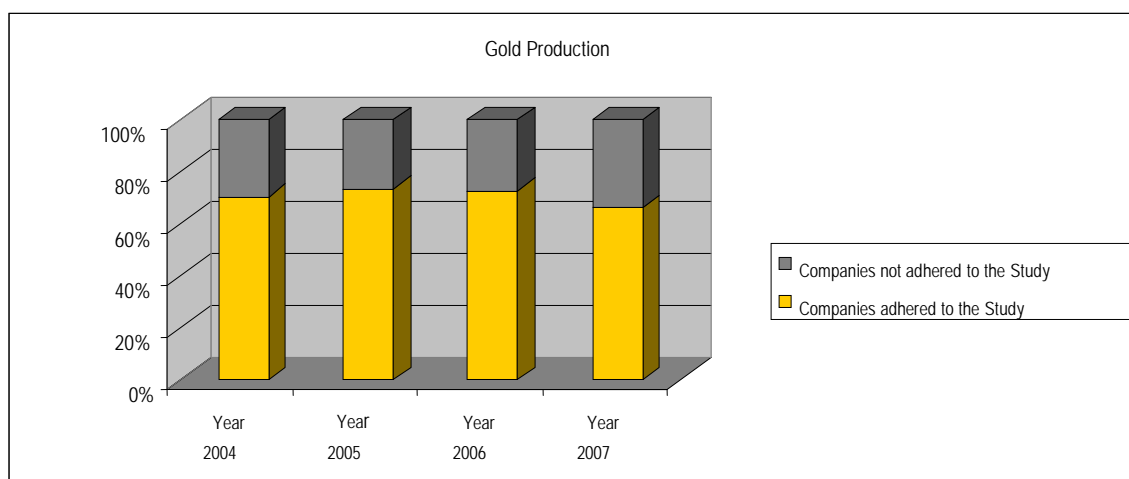


Source: Ministry of Energy and Mines.

Gold Production:

Company	Year 2004	Year 2005	Year 2006	Year 2007
Minera Yanacocha S.R.L.	52.21%	49.60%	40.06%	28.57%
Minera Barrick Misquichilca S.A.	11.59%	17.60%	25.58%	29.34%
Compañía de Minas Buenaventura S.A.A.	3.65%	3.42%	3.88%	6.68%
Inversiones Mineras del Sur S.A.	1.93%	1.82%	1.90%	0.00%
Xstrata Tintaya S.A.	0.53%	0.49%	0.62%	0.71%
Cedimin S.A.C.	0.25%	0.48%	0.40%	0.59%
Southern Peru Copper Corporation, Sucursal del Perú	0.14%	0.11%	0.12%	0.13%
Pan American Silver S.A.C. Mina Quiruvilca	0.03%	0.03%	0.06%	0.11%
Compañía Minera Milpo S.A.A.	0.00%	0.00%	0.12%	0.15%
Minera Bateas S.A.C.	0.00%	0.00%	0.00%	0.06%
Sociedad Minera El Brocal S.A.A.	0.00%	0.00%	0.00%	0.01%
Companies not adhering to the Assessment	29.67%	26.45%	27.26%	33.65%
Total	100.00%	100.00%	100.00%	100.00%

Source: Ministry of Energy and Mines.

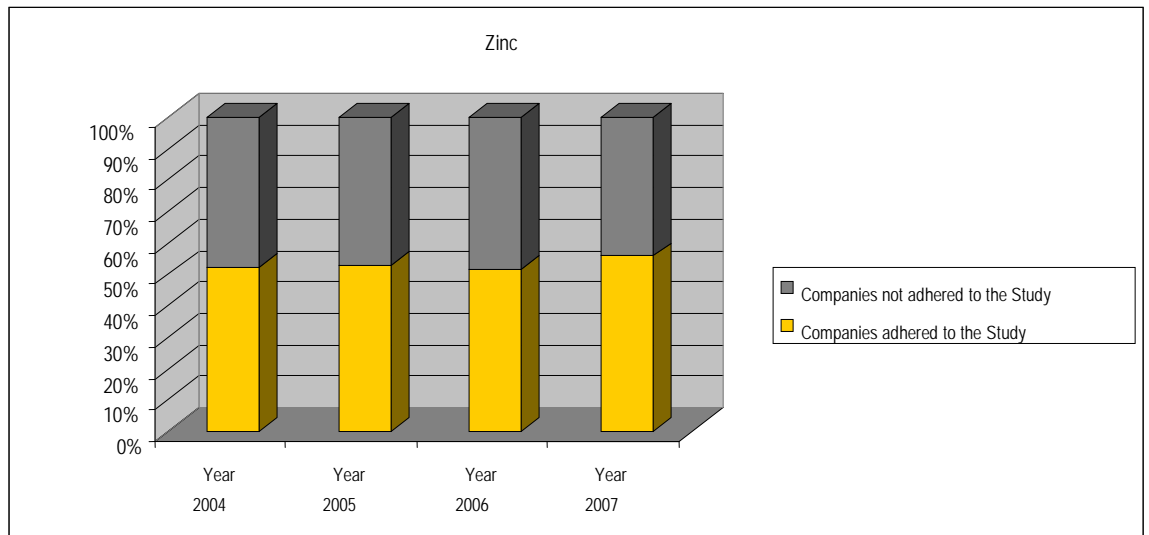


Source: Ministry of Energy and Mines.

Zinc Production:

Company	Year 2004	Year 2005	Year 2006	Year 2007
Compañía Minera Antamina S.A.	18.57%	18.16%	14.81%	22.32%
Empresa Minera Los Quenuales S.A.	15.48%	15.92%	16.58%	13.99%
Compañía Minera Milpo S.A.A.	7.89%	7.44%	6.61%	6.24%
Sociedad Minera El Brocal S.A.A.	5.05%	5.01%	5.80%	6.32%
Compañía Minera Raura S.A.	1.78%	1.86%	1.81%	1.46%
Perubar S.A.	1.30%	1.46%	1.60%	1.03%
Pan American Silver S.A.C. Mina Quiruvilca	1.04%	0.88%	1.90%	1.55%
Compañía de Minas Buenaventura S.A.A.	0.72%	0.63%	0.78%	0.94%
Compañía Minera Argentum S.A.	0.39%	1.60%	1.84%	1.36%
Minera Bateas S.A.C.	0.00%	0.00%	0.05%	0.46%
Companies not adhering to the Assessment	47.78%	47.04%	48.22%	44.33%
Total	100.00%	100.00%	100.00%	100.00%

Source: Ministry of Energy and Mines.

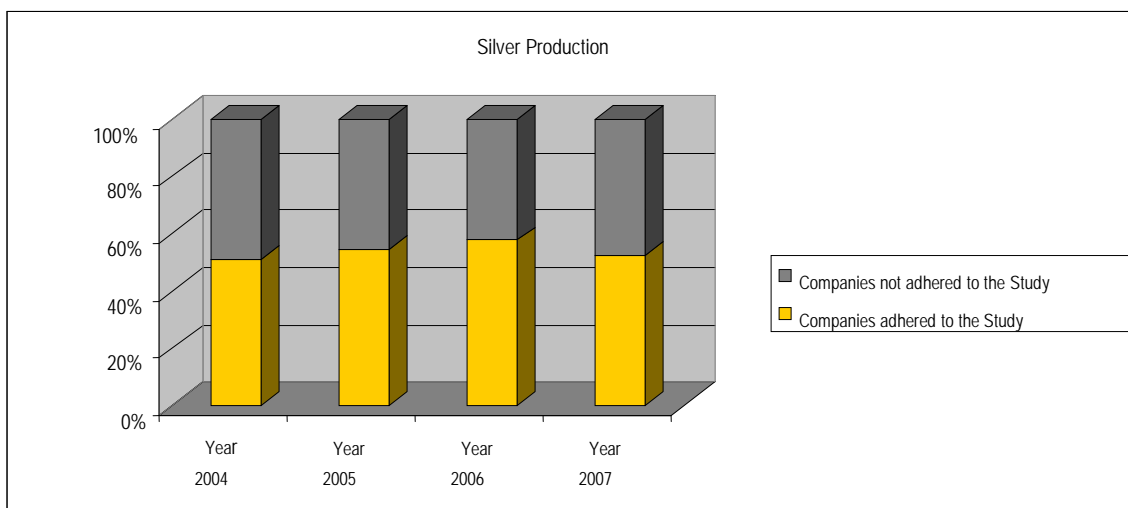


Source: Ministry of Energy and Mines.

Silver Production:

Company	Year 2004	Year 2005	Year 2006	Year 2007
Compañía de Minas Buenaventura S.A.A.	11.10%	11.25%	10.91%	10.56%
Compañía Minera Antamina S.A.	9.37%	10.41%	8.69%	9.84%
Empresa Minera Los Quenuales S.A.	6.22%	5.33%	4.98%	4.21%
Southern Peru Copper Corporation, Sucursal del Perú	4.90%	4.36%	3.78%	3.79%
Sociedad Minera El Brocal S.A.A.	3.45%	4.26%	9.25%	6.30%
Minera Yanacocha S.R.L.	3.30%	4.04%	3.24%	2.05%
Pan American Silver S.A.C. Mina Quiruvilca	3.12%	2.47%	5.16%	4.77%
Compañía Minera Milpo S.A.A.	2.68%	2.92%	2.67%	2.45%
Compañía Minera Raura S.A.	1.64%	1.96%	1.64%	1.53%
Minera Barrick Misquichilca S.A.	1.60%	1.79%	1.29%	1.37%
Xstrata Tintaya S.A.	1.03%	0.83%	0.90%	1.02%
Compañía Minera Argentum S.A.	0.98%	3.19%	3.40%	2.90%
Perubar S.A.	0.91%	1.33%	1.38%	1.31%
Cedimin S.A.C.	0.60%	0.36%	0.14%	0.09%
Inversiones Mineras Del Sur S.A.	0.00%	0.15%	0.08%	0.00%
Minera Bateas S.A.C.	0.00%	0.00%	0.05%	0.45%
Companies not adhering to the Assessment	49.10%	45.35%	42.44%	47.36%
Total	100.00%	100.00%	100.00%	100.00%

Source: Ministry of Energy and Mines.

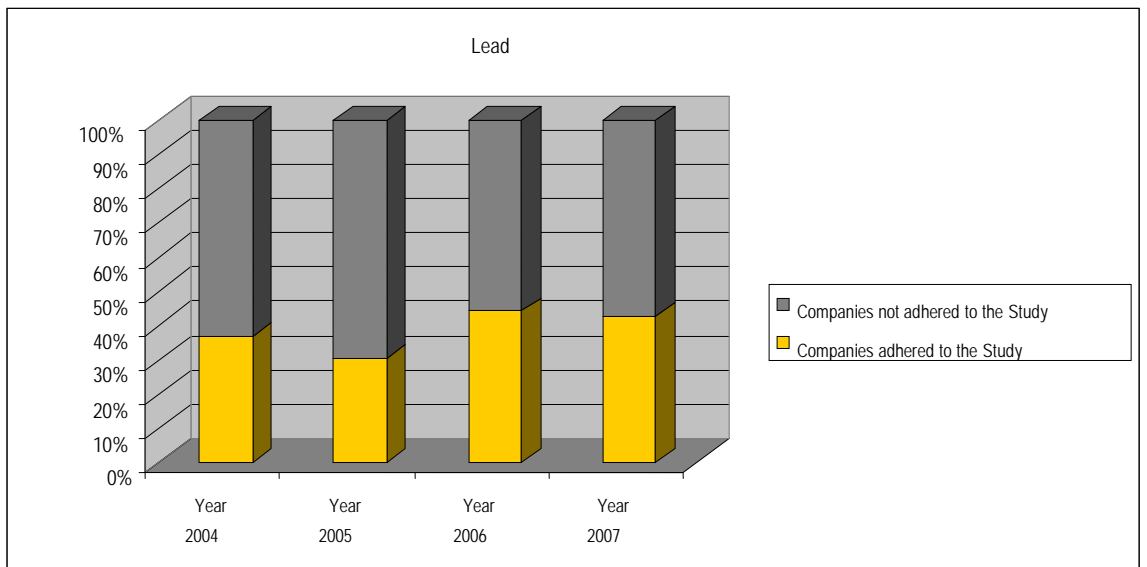


Source: Ministry of Energy and Mines.

Lead Production:

Company	Year 2004	Year 2005	Year 2006	Year 2007
Sociedad Minera El Brocal S.A.A.	9.42%	0.00%	11.65%	11.74%
Empresa Minera Los Quenuales S.A.	8.24%	7.85%	6.89%	6.69%
Compañía Minera Milpo S.A.A.	5.68%	6.53%	7.00%	5.37%
Perubar S.A.	4.64%	4.71%	4.32%	3.20%
Compañía Minera Raura S.A.	3.58%	5.02%	3.82%	3.87%
Compañía de Minas Buenaventura S.A.A.	2.67%	2.70%	3.34%	4.08%
Pan American Silver S.A.C. Mina Quiruvilca	1.38%	0.99%	3.46%	3.28%
Compañía Minera Argentum S.A.	0.66%	2.27%	2.34%	2.20%
Compañía Minera Antamina S.A.	0.46%	0.14%	1.26%	1.33%
Minera Bateas S.A.C.	0.00%	0.00%	0.09%	1.17%
Companies not adhering to the Assessment	63.27%	69.79%	55.83%	57.07%
Total	100.00%	100.00%	100.00%	100.00%

Source: Ministry of Energy and Mines.



Source: Ministry of Energy and Mines.

2.2 Hydrocarbon Sector

Companies that produce liquid hydrocarbons and natural gas:

- Petrobras Energía Perú S.A.
- Hunt Oil Company of Perú L.L.C.
- Pluspetrol Camisea S.A.
- Repsol Exploración Perú, Sucursal del Perú
- Pluspetrol Perú Corporation S.A.
- Olympic Perú INC, Sucursal del Perú

Companies that produce liquid hydrocarbons only

- Pluspetrol Norte S.A.
- Maple Gas Corporation del Perú S.R.L.

It is worth noting that of the companies that produce natural gas, only those that started extractive operations after enactment of the Canon Law in the year 2001 in areas with no previous legislation are subject to the gas canon. Therefore, the companies adhering to the Study that are subject to such canon are the following:

- Hunt Oil Company of Perú L.L.C.
- Pluspetrol Camisea S.A.
- Pluspetrol Perú Corporation S.A.
- Repsol Exploración Perú, Sucursal del Perú

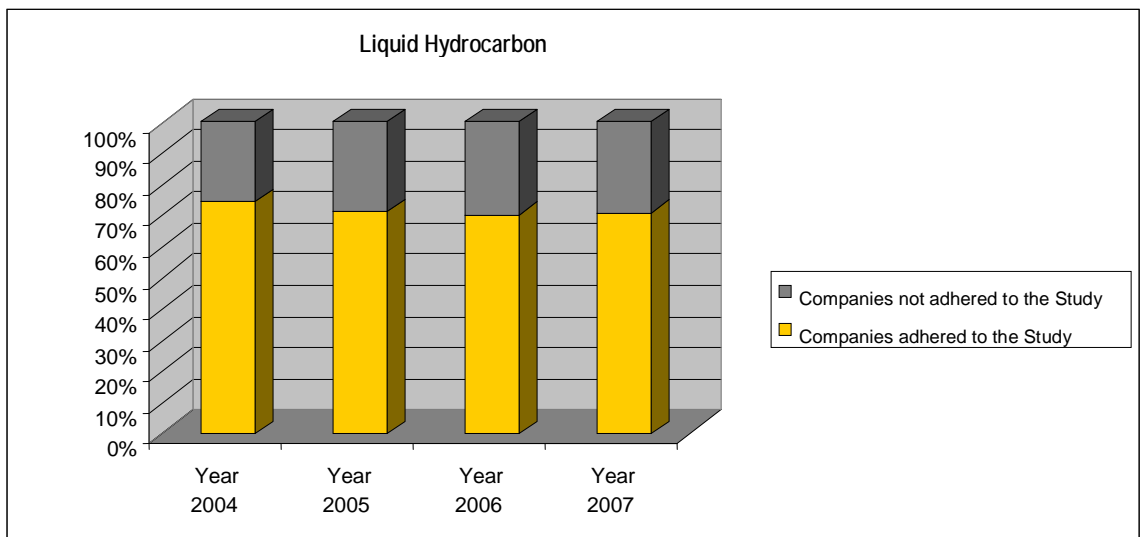
Share in production of both liquid hydrocarbons and natural gas

The share of companies adhering to the Study in domestic production of both liquid hydrocarbons and natural gas during the years under review is shown below:

Production of liquid hydrocarbons:

Company	Year 2004	Year 2005	Year 2006	Year 2007
Pluspetrol Norte S.A.	54.90%	41.01%	39.64%	39.27%
Petrobras Energía Perú S.A.	12.20%	11.48%	11.22%	11.96%
Hunt Oil Company of Perú L.L.C.	2.80%	7.39%	7.70%	7.64%
Pluspetrol Camisea S.A.	2.78%	7.33%	7.64%	7.58%
Repsol Exploración Perú, Sucursal del Perú	1.11%	2.93%	3.05%	3.03%
Pluspetrol Perú Corporation S.A.	0.24%	0.65%	0.67%	0.67%
Maple Gas Corporation del Perú S.R.L.	0.36%	0.36%	0.42%	0.40%
Olympic Perú INC, Sucursal del Perú	0.00%	0.00%	0.00%	0.30%
Companies not adhering to the Assessment	25.61%	28.85%	29.66%	29.14%
Total	100.00%	100.00%	100.00%	100.00%

Source: Ministry of Energy and Mines.

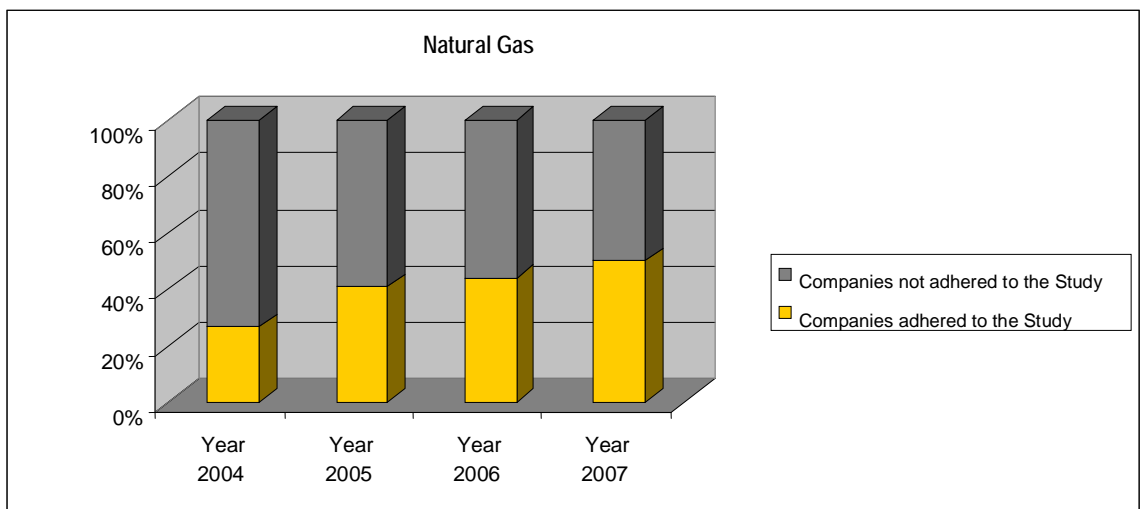


Source: Ministry of Energy and Mines.

Natural gas production:

Company	Year 2004	Year 2005	Year 2006	Year 2007
Hunt Oil Company of Perú L.L.C.	5.84%	13.38%	15.11%	18.40%
Pluspetrol Camisea S.A.	5.79%	13.27%	14.99%	18.26%
Repsol Exploración Perú, Sucursal del Perú	2.32%	5.31%	6.00%	7.30%
Petrobras Energía Perú S.A.	10.11%	6.84%	5.90%	3.90%
Pluspetrol Perú Corporation S.A.	0.51%	1.17%	1.32%	1.61%
Olympic Perú INC, Sucursal del Perú	2.12%	0.78%	0.70%	0.47%
Companies not adhering to the Assessment	73.30%	59.25%	55.99%	50.06%
Total	100.00%	100.00%	100.00%	100.00%

Source: Ministry of Energy and Mines.



Source: Ministry of Energy and Mines.

3. **Payments made by participant companies**

The EITI – Peru Reconciliation Study is intended to verify and validate the following payments made to the Peruvian government by mining, oil and gas companies participating in the Study:

- Income Tax Determined by the Taxpayer (in the Tax Returns filed annually during the 2004 – 2007 periods, including any substitutions and/or amendments thereto filed by the companies with SUNAT)
- Royalties for the 2004-2007 period (mining and hydrocarbon subsectors)
- Property Fess for the 2004-2007 period (mining subsector only)

The Study has taken into account the information on legal and/or tax stability agreements that the mining companies may have and the license agreements and/or service contracts of the hydrocarbon subsector companies participating in the Study.

III. **Methodology**

The Reconciliation Study was conducted applying the following methodological approach:

1. Identification of companies, coordination and payment typology

- i. The final list of participant extractive industry companies was obtained. Thirty-three companies participated in this Study.
- ii. In connection with the typology of certain payments made by the companies, the following information has been reviewed:
 - Final Amount of the Income Tax Determined by the taxpayer (box 504 and 126 if applicable, resulting from the Tax Returns filed annually during the 2004 – 2007 period, including substitute and amended tax returns filed with SUNAT), except for companies with more than one economic administrative unit, for which the amounts reported in the mining or hydrocarbon attachments to such tax returns were considered.
 - Amount of the Royalties for the 2004-2007 period (mining and hydrocarbon subsectors)
 - Amount of the property fee for the 2004-2007 period (mining subsector only)

Furthermore, the Study has considered the information contained in legal and/or tax stability agreements for mining companies and licence agreements and/or service contracts for the hydrocarbon sector companies.

- iii. After coordinating with the EITI – Peru Working Committee, we have worked with the following entities to obtain information on the revenue reported by the Peruvian government for the 2004-2007 period and the distribution thereof.
 - National Tax Administration Superintendence (hereinafter SUNAT)
 - Ministry of Economy and Finance (hereinafter MEF)
 - Perupetro
 - Geological, Mining and Metallurgical Institute (hereinafter INGEMMET)
 - Ministry of Energy and Mines (hereinafter MEM)
 - Decentralisation Secretariat of the Presidency of the Cabinet of Ministers (*Secretaría de Descentralización de la Presidencia del Consejo de Ministros*), (hereinafter PCM)

Revenues transferred to Regional and Local Governments and other governmental entities (property fees, canon, additional canon and royalties) have also been taken into account.

2. Review and documentation of the payment process, revenues and distribution of payments made by the companies

This was conducted to include conceptual information on the process for generation of payments and receipt of the revenues from extractive industries, as well as on the process involved in the distribution of revenues to the various sectors of government and implementation thereof (conceptual clarifications, process for determination of Income Tax, payment methods and mechanisms, time interval between payments made by the companies and the transfers made to the various levels of government, etc.).

The following activities were performed for this purpose:

- Review of information on the payment process, revenues and distribution by each of the regulatory entities.
- Review of laws and regulations applicable to the process of generation, payment, collection, distribution and use of financial resources in each of the periods covered by the Study (2004-2007).
- Acquisition of the reports on distribution of revenues collected from companies participating in preparation of the Reconciliation Study on a central, regional and local level.
- Matching revenues to the distribution by company, according to the ratios set forth in applicable laws and in accordance with available information.

3. Acquisition, processing and verification of information

3.1 Acquisition of the information

- iv. We have gathered the information required to prepare the Reconciliation Study for the 2004-2007 period. For this purpose, the information requests forms were designed and provided to participant companies and the governmental entities involved. Such forms are shown in Section IX Exhibits I to VI.
- v. In connection with Income Tax determined by the taxpayer, information from both the companies and SUNAT was gathered from Third Category Income Tax Payment Reports for the years 2004, 2005, 2006 and 2007. The information gathered was the final amount determined for Income Tax (box 504), plus the amount of Income Tax payments on account credited against the temporary tax on net assets (ITAN, by its acronym in Spanish) (box 126), if applicable, by taxpayer, except for companies with more than one economic administrative unit, for which the amounts reported in the mining or hydrocarbon attachments to such tax returns were considered, as specified in the Information Request Letter to SUNAT submitted by each participant company to request the information from SUNAT. Information request forms and the Information Request Letter to SUNAT are shown in Section IX Exhibits I to VIII.
- vi. Supporting documentation in addition to the above was requested when differences in the reconciliation of payments made by the companies and the revenues received by public entities were identified.
- vii. Reports on the distribution of revenues collected in the aggregate, by geographic area, and at the regional, departmental, province and district levels were obtained from public entities. This information did not identify the proceeds by contributing company except for Perupetro, where information allows for identification by company on a departmental level; and INGEMMET the detail of which shows distribution by company on a district level.

3.2 Processing and verification of information

- viii. The information gathered was systematised in the forms designed for such purpose, both for participant companies and for public entities, as shown in Section IX Exhibits I to VI. In cases where inconsistencies were detected, the company and/or governmental entity involved were consulted and additional information was requested, specifically with respect to the issue involved.
- ix. Payments made by companies participating in the Study were reconciled for Income Tax, Royalties and property fees and the revenues received by public entities: SUNAT for Income Tax and mining royalties; Perupetro for oil and gas royalties; and INGEMMET for property fees.
- x. The information provided by public entities was reviewed to reconcile the above-described revenues and the amounts distributed by the applicable public entities: DGAES-MEF and PCM for Income Tax and mining royalties; Perupetro and PCM for oil and gas royalties; and INGEMMET for property fees.

It should be noted that revenues received by public entities (from companies adhering to the Study) and the amounts distributed could not be reconciled for Income Tax (mining canon) and mining royalties, because such amounts are provided in aggregate form by geographic area and are not detailed by paying company. We have made recalculations to determine the suitability of the distribution for these items. For Hydrocarbon Royalties, the information provided by Perupetro allows reviewing the distribution of the oil canon and additional canon by company on a departmental level only. For property fees, such information allows identifying the distribution of such amounts by each company on a district level. A detailed explanation of the particularities of each item distributed, as well as the work performed to show the results of distribution by each of the adhering companies is provided in Section VII "Detail of the results of the Distribution Reconciliation Study".

- xi. The reconciled amounts are the amounts actually paid by the company in accordance with the criteria set forth in the EITI Manual. For Income Tax, as agreed by the EITI - Peru Working Committee, the amount reported in box 504 of the annual Income Tax returns, plus the amount of Income Tax payments on account credited against the ITAN entered in box 126 (if applicable) were reconciled, except for companies with more than one economic administrative unit, for which the amounts reported in the mining or hydrocarbon attachments to such tax returns were considered. The amounts reported in box 504 and/or in the mining and hydrocarbon attachments are paid by monthly payments on account, the application of other deductible taxes paid, settlement of the final balance, and the application of various credits, amongst others. Also, Income Tax distribution to the geographic regions, whether through canons or directly through the Public Treasury, is made based on the tax reported on an annual basis by companies in their Annual Income Tax Return.

It should be noted that under Peruvian tax laws, taxpayers are classified in directories according to their size and the amounts paid. Classification is made into two major groups: Small and Medium Taxpayers (MEPECOs) and Major Taxpayers (PRICOs). Most companies that participate in the Study are classified by SUNAT as Major Taxpayers (PRICOs). Being included in the PRICOs Directory gives the companies certain benefits and, due to their significance, they are more closely monitored by the Tax Administration. In practice, the closer monitoring is evidenced in more frequent controls and, as a result thereof, more information requests. SUNAT determines who are Major Taxpayers (PRICOs) based on information contained in tax returns, and by SUNAT's own determinations. The inclusion of a taxpayer in a PRICOs Directory is intended to provide such taxpayers with better service based on customised service, specialised guidance services, receipt of forms and handling of documents in places especially set up for such taxpayers; as well as the on-line recalculation of their tax liabilities (automatic resettlement of accounts filed) at the time of submission of their tax returns. For PRICOs, at the time their payment reports are received, while the information contained in their forms is being entered, the system recalculates the tax liabilities (on line) of such taxpayers, so when an error is detected in their tax return or report, the PRICO is informed of such error at that time (See Exhibit IX, Classification of Companies Adhering to the EITI National Reconciliation Study into PRICOs and MEPECOs).

It should also be noted that Peruvian laws do not provide as part of their reporting and payment requirements for the items included in this Study that the figures be certified or audited. Furthermore, the following should be considered:

- Income Tax and mining royalties: the information provided to the Tax Administration (SUNAT) operates as a sworn affidavit under the Peruvian Tax Code and may be reviewed by SUNAT during a time period subsequent to submission of the report. For Income Tax, such time period usually ends 4 years as from January 1 of the year following filing of the Income Tax Return and mining royalties Report. For mining royalties, until the year 2006, the time period was 10 years, since 2007 the time period is 4 years.
- Hydrocarbon Royalties: these are calculated by the revenue collection entity (Perupetro) and every company is under the obligation of paying the calculated amount upon conducting a simple validation.
- Property Fees: these are determined by INGEMMET, who issues the database of the amounts payable for each mining claim, resulting from INGEMMET's calculations, and submits such database to the banking entities where mining claim holders will pay their obligations.

See the legal basis for the aforementioned items in the Section hereof referred to as the Conceptual Framework of the concepts that are a part of the Reconciliation Study (Section IV).

As for public entities, these are under the supervision of the Republic of Peru's General Comptroller's Office (*Contraloría General de la República*) the maximum control authority of the Peruvian government, which defines in connection with such entities the reviews to ensure proper internal control and consistency of their financial statements, amongst other matters.

The information delivered by the adhering companies to prepare the reconciliations has been provided in the forms designed for the purposes of this Study, duly signed by the legal representatives of the companies and stating that the truthfulness of the information is the responsibility of the Management of such adhering companies.

IV. Conceptual framework for the concepts that are part of the Reconciliation Study

Within the Peruvian context, the extractive sector delivers through its most representative areas (the mining, oil and gas industries), as monetary payment to the Peruvian government, certain tax amounts (Income Tax) and certain non-tax amounts (royalties and property fees), amongst others. A summary of how these payments made by extractive companies are received by the public entities and the distribution thereof is provided below:

Payment Item	Frequency of Collection	Collection Entity	Distributing Entity	Frequency of Distribution	Item of Distribution
Income Tax (IR)	Annual	SUNAT	DGAES – MEF PCM DGTP - MEF	Annual	Mining Canon (50% IR) Gas Canon (50% IR + 50% Gas Royalty)
Mining Royalty	Monthly	SUNAT	DGAES – MEF PCM DGTP - MEF	Monthly	Mining Royalty (100% Mining Royalty)
Oil Royalty	Bi-weekly	Perupetro	Perupetro DGAES – MEF PCM DGTP - MEF	Monthly	Oil Canon (100% Oil Royalty)
Gas Royalty	Bi-weekly	Perupetro	Perupetro DGAES – MEF PCM DGTP - MEF	Monthly	Gas Canon (50% IR + 50% Gas Royalty)
Property Fee	Annual	INGEMMET	INGEMMET	Monthly	Property Fee

Acronyms

SUNAT: National Tax Administration Superintendence (*Superintendencia Nacional de Administración Tributaria*)

INGEMMET: Geological, Mining and Metallurgical Institute (*Instituto Geológico, Minero y Metalúrgico*).

DGAES – MEF: Economic and Social Affairs Bureau of the Ministry of Economy and Finance (*Dirección General de Asuntos Económicos y Sociales del Ministerio de Economía y Finanzas*)

PCM: Presidency of the Cabinet of Ministers (*Presidencia del Consejo de Ministros*)

DGTP – MEF: General Public Treasury Bureau of the Ministry of Economy and Finance (*Dirección General del Tesoro Público del Ministerio de Economía y Finanzas*)

Below we describe the role of and the mechanisms used by each public entity that collects payments under the scope of this Study:

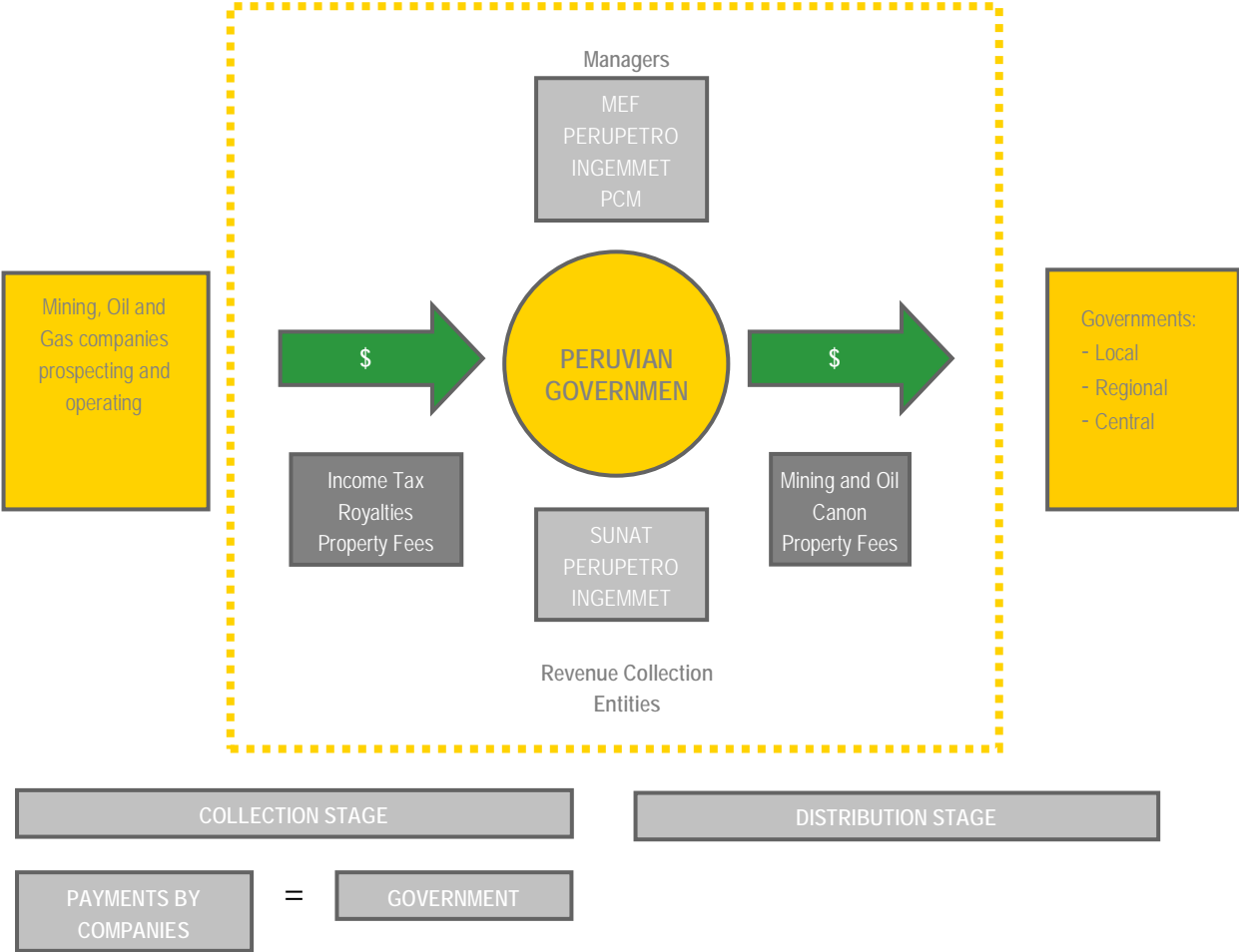
- SUNAT: SUNAT is a decentralised public entity of the economy and finance sector organised as a Public Law legal entity, with its own assets and financial, administrative, functional, and technical autonomy, whose role is to manage, monitor and collect internal revenue taxes and levies (which include Income Tax and mining royalties) other than municipal taxes, and perform the same duties in connection with contributions to the Peruvian Social Security (ESSALUD) and the Pension Standardisation Office (ONP). SUNAT uses the tax returns filed by taxpayers as a basis to collect, manage and monitor the revenues from various types of taxes determined by Peruvian tax laws. Such tax returns are binding in connection with the information reported therein and are subject to monitoring over defined periods according to each type of tax.

- PERUPETRO: The governmental entity of private law in charge of promoting investment in hydrocarbon prospecting and extraction in Peru. On behalf of the government, PERUPETRO negotiates, executes and supervises hydrocarbon contracts, as well as Technical Study Agreements. Furthermore, PERUPETRO markets, through third parties and under free market principles, the hydrocarbons from areas under contract, in the form of services. PERUPETRO is subject to subsequent monitoring and performance evaluation by the Republic of Peru's General Comptroller's Office and the Energy and Mines sector, and operates under the same tax system as private companies. PERUPETRO is also in charge of calculating and collecting royalties on hydrocarbon sales made by extractive companies.

- INGEMMET: The functions of the Geological, Mining and Metallurgical Institute include: receiving, admitting and handling mining concession applications nationwide, granting mining concession titles, managing and distributing property fees and penalties, controlling payments made as well as debts, and issuing reports of failure to pay property fees and penalties and decisions excluding such requirement.

Outline of the Conceptual Framework of the EITI Study

Below we provide the overall outline of how the companies participating in the EITI – Peru Study for the 2004 – 2007 period interrelate with governmental entities for payment of Income Tax, Mining and Hydrocarbon Royalties, as well as property fees, and the items under which these contributions are distributed amongst local and regional governments. Each item shown in this outline is detailed in the following pages:



A detailed description of each payment type covered by this Study is provided below:

IV.1 Income Tax

1. General

1.1 Concept

– Income Tax

Third category Income Tax is paid by companies on profits or earnings from commercial activities such as: trade, industrial, service or business activities. These revenues usually result from the joint application of capital and work, being understood as proceeds from a durable source capable of generating periodic income. Resident taxpayers pay taxes on their annual profits or earnings from a foreign source and are required to make advance payments for such taxes.

– Mining Canon

The mining canon applies to 50% of the third category Income Tax reported by mining companies. Under the Canon Law, it is defined as "the actual and adequate share of regional and local governments in the income and revenues received by the government for mining metallic and non-metallic minerals." Furthermore, under such Law, canon revenues must be applied by local and regional governments solely for investment expenditures.

1.2 Legal basis in force during the periods covered by the Study

– Income Tax

- Supreme Decree D. S. 179-2004-EF, Consolidated Tax (*Texto Único Ordenado* or TUO)
- D. S. Nº 122-94-EF as amended, Regulations of the TUO.

– Mining Canon

- Law Nº 27506 (issued on July 10, 2001).
- Regulated by Supreme Decree Nº 005-2002-EF (issued on January 9, 2002).
- Supreme Decree 003 -2003 - EF that amends Supreme Decree 005-2002-EF-Regulations of the Canon Law (issued on January 9, 2003).
- Supreme Decree 115 -2003-EF that amends Supreme Decree 005-2002-EF, which approved the Canon Law Regulations (issued on August 14, 2003).
- Law 28077 – Amendment to Law 27506 – the Canon Law (issued on September 26, 2003)
- Supreme Decree 029 -2004-EF that amends Supreme Decree 005-2002-EF, whereby the Regulations of Law 27506, the Canon Law, were approved (issued on February 17, 2004).
- Law 28322 – Amendment to articles of Law 27506, the Canon Law, amended by Law Nº 28077 (issued on August 10, 2004).
- Supreme Decree 187 -2004-EF that amends Supreme Decree 005-2002-EF, whereby the Regulations of Law 27506, the Canon Law, were approved (issued on December 22, 2004).

1.3 Participants

- Taxpayers: Companies.
- Collection Entity: SUNAT.
- Distributors: DGAES – MEF, PCM, DGTP – MEF.

1.4 Calculation Basis

- Income Tax

Income Tax	=	Taxable Base x Rate
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Income Tax is calculated based on the taxable income for the year, on the book profit for the fiscal year plus additions and minus the tax deductions required by the Law and the Income Tax Regulations in force.

All taxable revenues earned by taxpayers considered residents in the country, regardless of the nationality of individuals, the place of incorporation of the legal entities, or the location of the producing source, are subject to Income Tax.

Companies registered in Peru for tax purposes are considered to be companies residing in Peru.

In general (at present) the Income tax rate for resident legal entities is 30%.

- Mining Canon

The mining canon consists of 50% (fifty percent) of the Income Tax received by the government and paid by the mining companies who are holders of mining operations for the use of mineral resources, both metallic and non-metallic.

1.5 Frequency

- Calculation:
 - Income Tax: Annual
 - Mining Canon: Annual

- Collection:
 - o Income Tax: Monthly, by collection of payments on account of Income Tax. Settlement of the Income Tax payment is made on a yearly basis.
- Distribution
 - o Mining Canon: Annual as from the year 2006. During 2004 and 2005, Mining Canon distribution was made on a monthly basis, each payment being one-twelfth (1/12) of the total amount determined.

1.6 Application of the canon

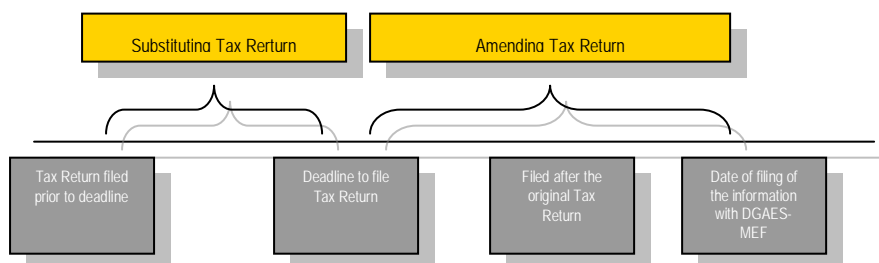
Canon resources received by local governments shall be applied solely to investment expenditures, in accordance with applicable provisions of the National Public Investment System. Furthermore, regional governments shall apply 20% of the amount that they are to receive according to the Canon Law to the public universities of their jurisdiction.

2. Procedure for Income Tax Collection and Mining Canon Distribution

2.1 Collection

Companies determine the Income Tax payable in the Annual Income tax Return, by reviewing the annual income tax return form provided by the collection entity SUNAT. Companies make payments on account on a monthly basis, which payments are calculated on the basis of income, and at the fiscal year-end the Income Tax payable is settled using the Annual Income Tax Return. The Annual Income Tax Return is filed with SUNAT in the months of March and April following the reporting year. The Income Tax accrued for the fiscal year (which amount serves as a basis for the distribution process) is the amount calculated for Income Tax, net of credits without reimbursement rights (boxes 504 y 516, respectively, of the Annual Income Tax Return). Companies may file Tax Returns Amending and Substituting the original Annual Income Tax Return filed.

Substituting tax returns are those that replace or substitute in their entirety the Tax Returns previously filed by the companies prior to the deadline set by SUNAT. Amending Tax Returns are those filed by the companies after the deadline set by SUNAT. For the purposes of this Study, the Substituting and Amending Tax Returns filed until the date in which SUNAT provides information to DGAES-MEF for the applicable distribution, which usually takes place in April and May of every year, have been considered.



2.2 Distribution

For the distribution process, MEM provides MEF the information on holders or concession holders or mining companies, on the district where the extracted resource is located and their Taxpayer Registration (RUC) number, who during the previous fiscal year have performed natural resource extraction activities. Upon obtaining such information, MEF requests SUNAT

the Income Tax amounts accrued for such taxpayers; SUNAT provides such Income Tax amounts taking into account the Amending Tax Returns and the Substituting Tax Returns filed as of the cut-off date (usually end of April or the beginning of May). Based on these reports, MEF determines the mining canon amount, which is equal to 50% of the Income tax amount accrued by mining companies in engaged in extraction operations.

2.2.1 Area of Influence

For purposes of distribution of mining canon resources, the territorial area of Local Governments and Regional Governments where mining concessions in operation are located is considered as the area of influence.

- When holders have mining concessions located in different jurisdictions (different departments, or different provinces and districts), distribution is made pro rata to the tonnage of processed ore, based on the information provided by the General Mining Bureau of the Ministry of Energy and Mines.
- In cases where mining concessions in operation extend to neighbouring jurisdictions (i.e., the mining unit extends over more than one district, province or department), distribution is made in equal parts.

The Digital Census Maps (*Cartografía Digital Censal*) prepared by the National Institute of Statistics and Information (*Instituto Nacional de Estadística e Informática*), (hereinafter INEI), which demarcate the territorial jurisdictions of the country's districts and provinces are used at present for distribution of canon revenues amongst district and provincial municipalities, until the official maps specifying the boundaries for all districts and provinces of the country are available.

2.2.2. Distribution Criteria

To determine the geographic location (specific district) where the proceeds that make up the mining canon to be distributed by a mining company originates, MEM provides to DGAES – MEF, through the General Mining Bureau, the location of each of the economic administrative units of the mining companies, which location is specified by District - Province – Department. Subsequently, the mining canon generated in each specific geographic location is distributed.

The mining canon is distributed amongst regional and local governments as provided in Article 5 of Law 27506 – the Canon Law, as follows:

- a) Ten percent (10%) of the total canon is allocated to local governments of the municipality or municipalities where the natural resource is extracted.
- b) Twenty-five percent (25%) of the total canon is allocated to local governments in the province or provinces where the natural resource is extracted.
- c) Forty percent (40%) of the total canon is allocated to local governments in the department or departments where the natural resource is extracted.
- d) Twenty-five percent (25%) of the total canon is allocated to the regional governments where the natural resource is extracted.

Distribution criteria table:

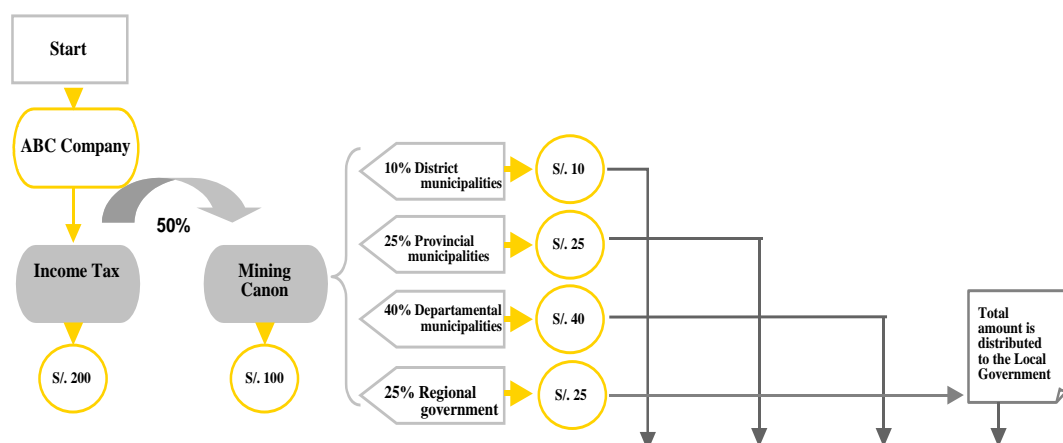
	%	Beneficiary	Criteria
Mining Canon (50% Income Tax)	10%	District municipalities where the natural resources are extracted	If there is more than one municipality, in equal parts
	25%	Provincial municipalities where the natural resources are extracted	According to i) Population and ii) Unsatisfied basic needs
	40%	Departmental municipalities where the natural resources are extracted	According to i) Population and ii) Unsatisfied basic needs
	25%	Regional Government 80% Regional Government 20% Universities	

For purposes of the distribution referred to in c) and d) above, the Lima Metropolitan Municipality and the Lima Regional Government will be mutually exclusive, as provided in the Decentralisation Bases Law (*Ley de Bases de la Descentralización*) and the Organic Law of Regional Governments (*Ley Orgánica de Gobiernos Regionales*). For the Constitutional Province of Callao, the total received referred to in c) above will be distributed amongst district and provincial municipalities.

Upon completing this distribution, DGAES - MEF distributes the resulting amount to be allocated to the province (25%) and to the department (40%) amongst the districts of such province and department. This distribution is made on the basis of the population with unsatisfied basic needs in each district.

To determine the population with unsatisfied basic needs, the National Institute of Statistics and Information Systems provides the information on i) the population per district and ii) an Unsatisfied Basic Needs Index (NBI, its acronym in Spanish) per District - Province – Department. The population with unsatisfied basic needs per District - Province – Department is obtained from this information.

The mining canon distribution process is described in the following chart:



Departament	Province	District	Population	NBI	Population *NBI	District Municipality	Provincial Municipalities	Departmental Municipalities	Regional Government	Total Distributed
Departament (A)	Province (AA)	District (AAA)	10	50%	5.0	S/. 10.00	S/. 10.33	S/. 11.05		S/. 31.38
		District (AAB)	5	80%	4.0		S/. 8.26	S/. 8.84		S/. 17.10
		District (AAC)	2	50%	1.0		S/. 2.07	S/. 2.21		S/. 4.28
		District (AAD)	3	70%	2.1		S/. 4.34	S/. 4.64		S/. 8.98
	Province (AB)	District (ABA)	5	80%	4.0			S/. 8.84		S/. 8.84
	Province (AC)	District (ACA)	4	50%	2.0			S/. 4.42		S/. 4.42
Regional Government (A)								S/. 25.00		S/. 25.00
Total ABC Company Canon						S/. 10.00	S/. 25.00	S/. 40.00	S/. 25.00	S/. 100.00

2.2.3. Determination of Distribution Ratios:

Upon completing the distribution of the mining canon for each mining company, DGAES - MEF obtains the total amount of the mining canon pertaining to each Local Government, after which it proceeds to calculate the distribution ratios considering the amounts obtained for each district municipality and Regional Governments in the country divided by the total amount of the mining canon in the entire country.

DGAES - MEF communicates to the Decentralisation Secretariat of the Presidency of the Cabinet of Ministers the following:

- o The total mining canon amount.
- o The distribution ratios for each local and regional government.

2.2.4. Exchange Rate

Income and revenues received by the government in foreign currency and which serve as a basis to determine the applicable Mining Canon are converted to domestic currency using the exchange rate published by the Banking and Insurance Superintendence on the date of transfer of the resulting mining canon.

2.2.5. Transfer of the Mining Canon

PCM applies the distribution ratios approved and communicated by MEF to the total mining canon amount, obtaining the amounts to be allocated to each local and regional government.

PCM subsequently communicates such amounts to DGTP – MEF so it can order payment thereof by crediting the respective current accounts held with Banco de la Nación.

Banco de la Nación is required to indicate to each local and regional government, by the pertaining Credit Notes, the mining canon to which such credits to account pertain and for what period.

Furthermore, MEF communicates the procedure for construction of indices, as well as the indicators and the methodology applied to determine the amounts to be allocated to the local and regional governments, through its web page and/or through the official gazette El Peruano, after issuing the Ministerial Resolution pertaining to the mining canon.

Frequency of mining canon transfers to local and regional governments is as follows:

- **Until the year 2006**

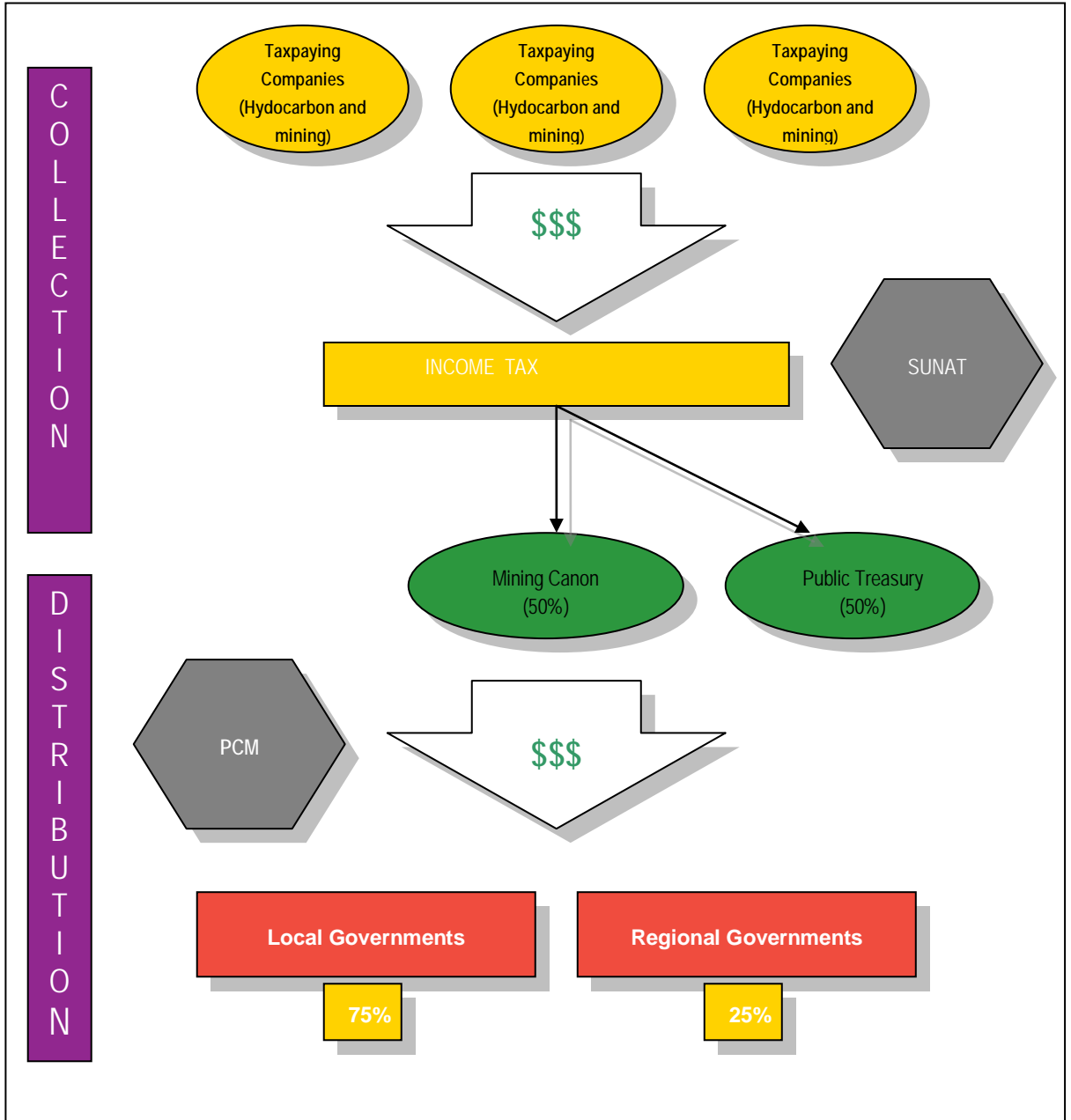
- Mining Canon resources generated by Income Tax proceeds are transferred to regional and local governments in up to twelve (12) consecutive monthly instalments as from the month following receipt of the information from the National Tax Administration Superintendence (for the period comprised from June to May of the following year).

- **Since 2006**

- Mining Canon resources generated by Income Tax proceeds are transferred in a single instalment payment made in June of every year, as from the month following receipt of the information from SUNAT. Such instalments are deposited in special accounts opened for such purpose with Banco de la Nación, under the name of the applicable canon and the Income Tax reference.

2.3 Outline of the Income Tax Collection and Mining Canon Distribution Process

Below we provide an outline of the Income Tax collection and mining canon distribution process described in this Section, providing the components thereof and the sequence of the activities detailed therein:



IV.2 Mining Royalty

1. General

1.1 Concept

The mining royalty is a fee that mining concession holders or assigns are required by law to pay to the government on a monthly basis for mining metallic and non-metallic mineral resources. This requirement has been in effect since June 2004.

The mining royalty is to be paid on the gross value of sales of concentrate or its equivalent, according to the prices listed in the international market, which prices are published monthly by MEF. Gross value shall be understood as the amount resulting from applying the unit prices per mineral measurement unit to the total mineral sold, net of taxes, charges or other items affecting the total amount to be invoiced. For minerals not listed internationally, the mining royalty shall be paid on the gross value of the mining component.

1.2. Legal basis in force during the periods covered by the Study

- Law 28258 - Mining Royalty Law
- Law 28323 – Law amending Law 28258, Mining Royalty Law
- Supreme Decree 157-2004-EF – Regulations of Law 28258, Mining Royalty Law
- Supreme Decree 018- 2005-EF – Specification and enactment of measures supplementing the Regulations of the Mining Royalty Law
- Ministerial Resolution 163-2006-EF-15 – Approving the reference exchange rate for the year 2006 applicable to taxpayers required to pay Mining Royalty who keep accounts in domestic currency.

1.3. Participants

- Taxpayers: Mining companies engaging in mining operations.
- Collection Entities: MEF, SUNAT.
- Distributors: DGAES - MEF, PCM, DGTP – MEF.

1.4. Calculation Basis

The calculation basis or reference basis for payment of mining royalties on mineral extracted from mining concessions in operation shall be result of the difference between:

- a) The gross value of sales of concentrate or equivalent or the mining component, for cases where products are marketed or, otherwise, the gross value reported by the holder (which value shall not be below the reasonably substantiated fair value). For integrated companies (those that transform the resource extracted into a processed product for marketing), this will be the gross sale value of the end product.
- b) Any amounts for charges, indirect tax, insurance, transportation, warehousing, shipping and loading costs, and any other costs or expenses incurred by the exporter and agreed in accordance with international commerce terms (INCOTERMS) , as applicable. For the aforementioned integrated companies, the reference basis shall not include treatment costs, that is, the direct and indirect production costs incurred in processing of the extracted mineral after obtaining the concentrate or equivalent, or the mining component.

1.5. Frequency

- Calculation: Monthly
- Collection: Monthly
- Distribution: Monthly

1.6. Application

As set forth in Article 9 of the Mining Royalty Law, Law 28258, Mining Royalty amounts received by regional governments and municipalities shall be applied solely to finance or co-finance production investment projects that articulate mining with the economic development of each region to ensure sustainable development of urban and rural areas.

Proceeds received by regional universities shall be applied to scientific and technological research.

2. Procedure for Mining Royalty Collection and Distribution

2.1. Collection

MEF is in charge of collecting and managing the mining royalty, however, under the Mining Royalty Law, Law 28258, MEF may authorise SUNAT to perform all duties associated with revenue collection.

Taxpayers use various ratios to determine the monthly amount payable for mining royalties, depending on whether or not the extracted mineral is listed internationally.

For minerals listed internationally, taxpayers shall perform the following on a monthly basis:

- Consider the reference basis in US dollars or in domestic currency, depending on whether or not such taxpayers are authorised to keep their accounts in foreign currency.
- Add the reference basis of the entire calendar year from January to and including the calculation month, from all its mining concessions in operation.
- Taxpayers authorised to keep accounts in US dollars, as set forth in a) above, will apply to the value found as set forth in b) above, the ratios required by Law according to the following table:

	Range (*)	(%) Royalty
First range	Up to US\$ 60 mill.	1%
Second range	Over US\$ 60 mill. up to US\$ 120 mill.	2%
Third range	Over US\$ 120 mill.	3%

(*) Taxpayers required to pay royalties who keep their accounts in domestic currency will calculate such royalties using the ranges in the above table, converted to domestic currency. The conversion will be made by applying a reference exchange rate equal to the weighted average selling exchange rate of the last previous quarter.

- d. Calculate the royalty for the month deducting from the value obtained as set forth in c) above the total calculated royalties as of the immediately preceding month.

For minerals the price of which is not fixed based on international listings, the royalty will be calculated on a monthly basis by applying 1% to the aggregate of the respective reference basis, resulting from all mining concessions in operation. The reference basis in US dollars or in domestic currency will be considered, depending on whether or not the taxpayer is allowed to keep its accounts in foreign currency.

Upon determining the mining royalty amount, the taxpayer will file a monthly tax return (Mining Royalty PDT –Virtual Form 698), in which it will set forth the reference basis separately by production unit, stating for each the treated mineral tonnage from each concession.

The return is filed in domestic currency. Exceptionally, taxpayers authorised to keep their accounts in foreign currency may file their tax return in US dollars.

Payment will be made monthly to SUNAT, in domestic currency.

When the calculated value is in US dollars, it shall be converted to domestic currency using the weighted average selling exchange rate published by the Banking and Insurance Superintendence applicable on the last day of the month for which the royalty is determined. If no exchange rate is available on such date, the immediately previous rate published will be used as reference.

2.2. Distribution

Upon filing of the monthly tax return by the taxpayer, SUNAT generates a file that is sent to MEF, containing information on the amounts received from mining royalties, which amount may include payments from previous periods, as well as penalties and interest for late payments. This information shall be provided to MEF until the fifteenth calendar day of the month following the collection month.

2.2.1 Distribution Criteria

PCM calculates distribution of 100% of the amount received from mining royalties as provided in the Mining Royalty Law, Law 28258:

Distribution criteria table

		%	Beneficiary	Criteria
Mining Royalty by mining concession		20%	District municipality where the mining concession is located (50% will be invested in communities where the deposit is mined)	
		20%	Provincial municipality where the mining concession is located	According to i) Population and ii) Unsatisfied basic needs
		40%	Departmental municipalities where the mining concession is located	According to i) Population and ii) Unsatisfied basic needs
		15%	Regional Government	
		5%	State Universities where the Mining Concesión is located	

2.2.2 Determination of Distribution Ratios

As with the mining canon, the mining royalty is allocated by distribution ratios that allow allocating to each local and regional government the amount due to each from the total mining royalty received nationwide. Such distribution ratios are determined based on information from the following official sources:

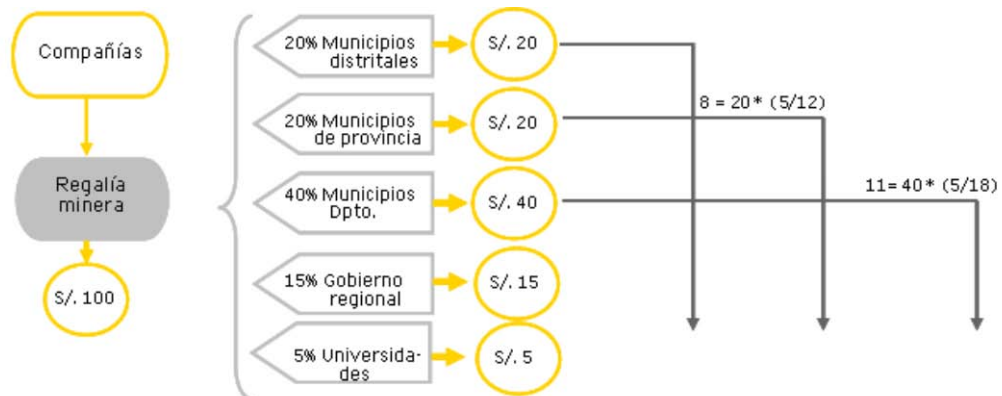
- SUNAT: Amount of the mining royalties, arranged according to the RUC number of the taxpayer, detailing the RUC reference basis for each mining concession, the geographic location in the district, province, departmental jurisdiction or region, as applicable, and the concession area comprised within each jurisdiction.
- MINEM: Listing of companies, mining concessions and the location thereof.
- INEI: Population and Unsatisfied Basic Needs (NBI).

MEF is the entity in charge of calculating the distribution ratios. Upon completing the calculation, DGAES – MEF submits the distribution ratios, together with the amount of the mining royalties collected, to PCM for this entity to proceed with calculation of the distribution.

2.2.3 Mining Royalty transfers

PCM communicates to the Public Treasury the amounts to be distributed to each local and regional government, calculated based on the total amount of the mining royalty received nationwide, and the distribution ratios for each local and regional government. The Public Treasury will distribute on a monthly basis, within thirty calendar days as from the last day of payment of the royalty, 100% (one hundred percent) of the amount actually paid from mining royalty proceeds among the regional governments, municipalities and state universities, to the special accounts opened for such purposes at Banco de la Nación.

Below we provide a graphic example of how the distribution is calculated:



Departamento	Provincia	Distrito	Población	NBI	Indice de distribución (Poblac*NBI)	Distribución		
						Municipios distritales	Municipios provincia	Municipios Dpto.
Ancash	Huari	San Marcos	10	50%	5	20	8	11
		Chavín de Huantar	5	80%	4			
		Uco	2	50%	1			
		Anra	3	70%	2			
	Santa	Moro	5	80%	4			9
	Casma	Yaután	4	50%	2			5
Total	16 provincias	100 distritos			18			

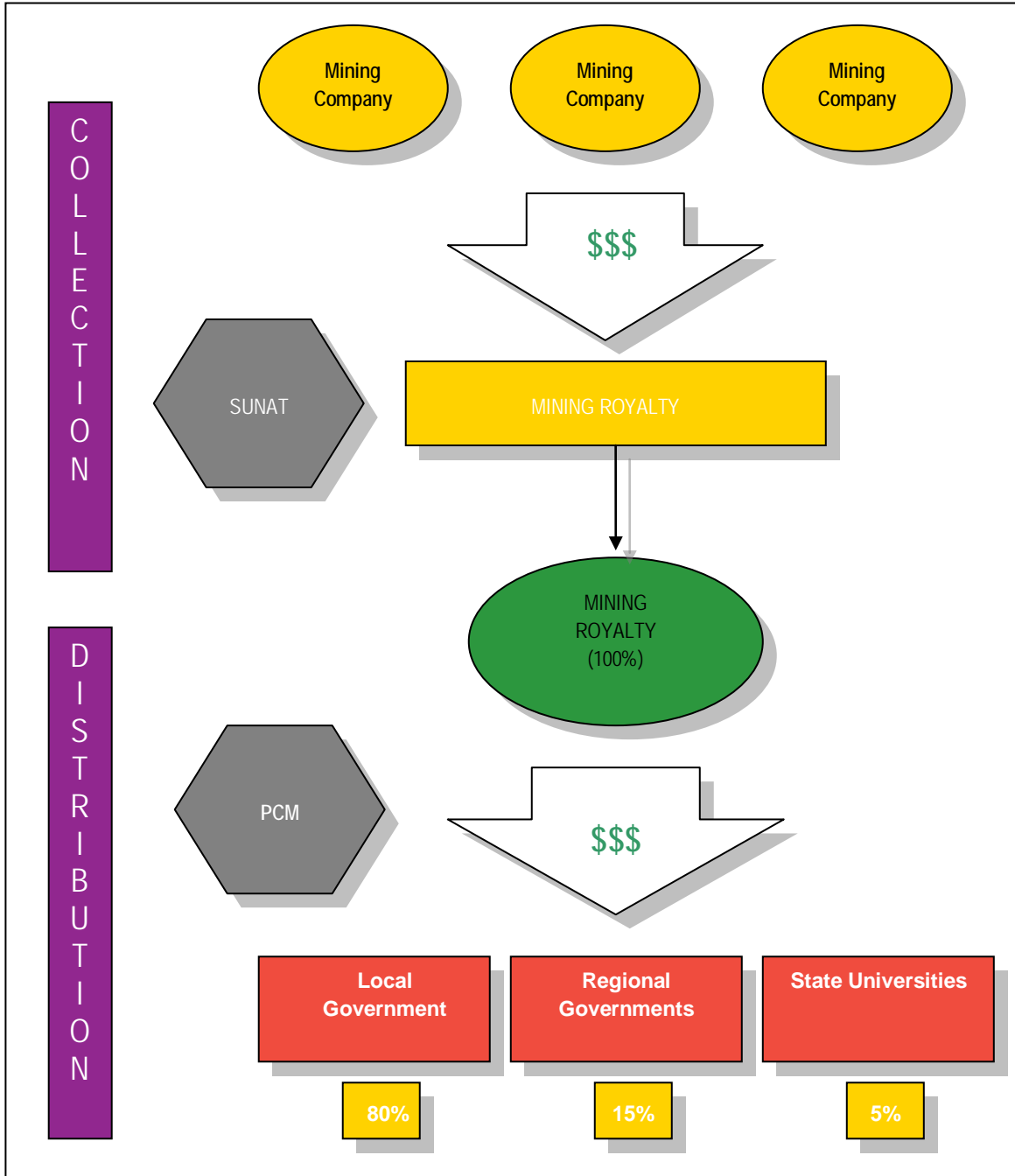
Compañías: Companies
Regalía minera: Mining Royalty
Canon Minero: Mining Canon
Municipios distritales: District municipalities
Municipios de provincia: Provincial municipalities
Municipios Dpto: Departmental municipalities
Gobierno regional: Regional government
Universidades: Universities

Departamento: Department
Provincia: Province
Distrito: District
Población: Population
Indice de distribución (Poblac*NBI): Distribution ratio (Population *NBI)
Distribución: Distribution
Municipalidad Distrital: District Municipality
Municipalidades de la Provincia: Provincial municipalities
Municipalidades del Departamento: Departmental Municipalities

When a mining concession extends over two or more districts, distribution is made pro rata according to the area percentage of each mining concession in each district.

2.3 Outline of the Mining Royalty Collection and Distribution Process

Below we provide an outline of the mining royalty collection and distribution process described in this Section, showing the components thereof and the sequence of the activities detailed therein.



IV.3 Oil Royalty

1. General

1.1. Concept

Oil Royalty

The fee paid by extractive companies in the oil sector to the Peruvian government for extraction of hydrocarbon resources in national territory. Such Royalty is determined and received by Perupetro.

Oil Canon and Additional Canon

The oil canon and additional canon is the actual share to which local governments (provincial and district municipalities) and regional governments are entitled to from the income and revenues received by the government for the extraction of oil in such areas.

Unlike other types of existing canons (mining, gas, hydroenergy, fishing and forestry), an additional canon applies to oil, which results from setting a fee additional to the initially determined canon. However, not all departments where oil extraction occurs benefit from this additional rate. Along these lines, it should be noted that this type of canon and additional canon is subject to particular laws for each department.

1.2. Legal Basis in force during the periods covered by the Study

- Law 27506
- Regulations of the Canon, Supreme Decree 005-2002-EF
- Loreto
D.L. 21678, amended by Law 23538
Law 24300 and Law 26385
- Ucayali
D.U. 027-98
Article 161, Law 23350
Law 24300, Law 26385 and Law 28699
- Piura
Law 23630, amended by Law 27763 and Law 28277
- Tumbes
Law 23630, amended by Law 27763 and Law 28277
- Law 23871
- Puerto Inca – Huánuco
Law 24977, Article 379

1.3. Participants

- **Taxpayers: oil companies** in operation.

- Collection Entity: PERUPETRO
- Distributor: DGAES – MEF, PCM, DGTP – MEF.

1.4. Calculation Basis

Oil Royalty

The calculation basis for oil royalties varies according to the calculation methodology. These methodologies are the following:

- Factor R – understood as the division between accrued income and expenditure, indicates a base ratio which can serve as a basis in negotiations between the company and the government. The higher the R value, the higher the base ratio.
- Accrued production – a specific royalty ratio is set for each license agreement. The royalty will be adjusted in the agreements in accordance with two factors: accrued production in each agreement and average price per barrel of such production. As in the above case, this method serves as a basis for contracts.
- Production scale – links the royalty to production levels.
- Financial result – with this method, royalty is calculated with a fixed and a variable component. The fixed royalty is set at 5%. The variable royalty applies after the accrued income-expenditure ratio reaches 1.15.

Application of these methodologies is determined in the licence agreements and service contracts of each oil company. Companies are free to select the methodology that serves them best for each of their lots but must maintain such calculation method throughout the entire term of the contract or agreement.

Oil Canon and Additional Canon

The oil canon and additional canon are established under specific laws for each beneficiary department, being currently as follows:

- i) For the extraction activity conducted in the departments of Loreto – Ucayali and Piura – Tumbes:

Canon: 10% ad - valorem over total oil production in the department where the extraction activity is conducted.

Additional canon: 2.5% of the value of oil production in the departments.

- ii) For the extraction activity conducted in Puerto Inca – Department of Huánuco:

Canon: 10% ad - valorem over total oil production in the department where the extraction activity is conducted.

Additional Canon: Not applicable.

1.5. Frequency

- **Calculation:**
Oil Royalty: Bi-weekly

Oil canon and additional canon: Monthly

- **Collection:**

Oil Royalty: Bi-weekly

- **Distribution:**

Oil canon and additional canon: Monthly

1.6. Application of the canon and the additional canon

In connection with the application of proceeds from the canon and additional canon, different laws also apply to each of the departments where the extraction activity is conducted. Thus:

Loreto, Ucayali and Puerto Inca – These funds may be used to implement investment plans and programmes according to the applicable laws of each government type (regional, departmental, provincial and district).

Tumbes and Piura – The canon and additional canon funds are applied solely to financing or co-financing infrastructure projects or works of regional and local impact. For universities and technological institutes, the funds are applied solely to investment in scientific and technological research.

2. Procedure for Oil Royalty Collection and Oil Canon and Additional Canon Distribution

2.1. Collection

Perupetro is in charge of collecting oil royalties on a bi-weekly basis. Perupetro audits through a third party the sales operations of oil companies and applies one of the 4 methodologies detailed in point 1.4 Calculation Basis to calculate the applicable royalty. Upon completing this calculation, Perupetro submits to the oil company a pre-settlement of the royalty to be paid, upon receipt of which the oil company makes this payment to the bank accounts of Perupetro (payments are made in US dollars).

2.2. Distribution

Upon determining the oil royalty, Perupetro calculates the oil canon and additional canon on the value of production of the current month and, on the other hand, communicates to the Decentralisation Secretariat of the Presidency of the Cabinet of Ministers the monthly receipts from royalties.

The amount determined as canon and additional canon is subtracted from the amount of the oil royalties received in the two fortnights of the current month. The share of Perupetro, MEM, and OSINERGMIN according to law and the Monitoring Expenses incurred during the period for auditing commercial operations are determined based on the balance of the royalty received for such month. The remaining royalty balance is delivered to the Public Treasury.

2.2.1 Area of Influence

The area of influence is determined by the territorial area of local and regional governments in the jurisdiction where oil extraction is conducted, as provided by Law for each of the different departments.

At present, for canon revenue distribution amongst district and provincial municipalities, the Digital Census Maps prepared by INEI that demarcate the territorial jurisdictions of the country's districts and provinces are used, until official maps indicating accurately the boundaries of all districts and provinces of the country become available.

2.2.2 Distribution Criteria

The oil canon and additional canon are distributed among regional and local governments in accordance with the distribution ratios determined by MEF based on the criteria of i) Population and ii) Unsatisfied Basic Needs. Data on this last criterion are obtained from INEI.

The distribution ratios applicable to the five departments in which oil companies operate are the following (Loreto, Piura y Huánuco for canon; and Ucayali and Tumbes for additional canon):

Loreto (Canon and Additional Canon) – Ucayali (Additional Canon)

Ratio %	Beneficiary
52%	Regional Government
40%	Provincial municipalities of the department
5%	Universidad Nacional de la Amazonía (the Amazon State University)
3%	Instituto de Investigación de la Amazonía Peruana (the Peruvian Amazon Research Institute)

Ucayali (Canon)

Ratio %	Beneficiary
40%	Local governments of the district and provincial municipalities of the department
20%	Local governments of the district and provincial municipalities where the resource is extracted
20%	Regional Government
10%	Local governments of the municipalities where the resource is extracted
5%	State universities
3%	State Technological Institute
2%	Instituto de Investigación de la Amazonía Peruana (the Peruvian Amazon Research Institute)

Piura y Tumbes (Canon and Additional Canon)

Ratio %	Beneficiary
20%	Regional Government
20%	District municipalities where production is located
50%	Other district and provincial municipalities of the department
5%	State University
5%	Teaching and technology institutes

Huánuco - Puerto Inca (Canon)

Ratio %	Beneficiary
100%	Puerto Inca district municipal council

2.2.3 Determination of Distribution Ratios

MEM submits to GAES – MEF, through the General Hydrocarbon Bureau, the location of each of the economic administrative units (oil companies), which is specified by District - Province – Department.

In turn, INEI provides information on population and Unsatisfied Basic Needs (NBI) by District - Province – Department. Data on population with unsatisfied basic needs by District - Province – Department is obtained from this information.

With the aforementioned elements, GAES - MEF determines the distribution ratios and submits them to the Decentralisation Secretariat. The following criteria are taken into account for establishment of the distribution ratios:

- i) For Tumbes and Piura, the distribution ratio will be established on the basis of the current fair provincial distribution by territory and within each province by a combination of factors of population, poverty, environmental pollution and basic needs.
- ii) For Loreto and Puerto Inca – Huánuco, the distribution ratio has been set according to the distribution ratios required by Law (Art. 8 of Law 24300).
- iii) For Ucayali, the distribution ratio has been set according to indicators of population, unsatisfied basic needs and hydrocarbon production levels by jurisdiction.

2.2.4 Exchange Rate

Income and revenues received by the government in foreign currency and which serve as a basis to determine the applicable Mining Canon are converted to domestic currency using the exchange rate published by the Banking and Insurance Superintendence on the date of transfer of the resulting oil canon and additional canon.

2.2.5 Transfer of the Canon and Additional Canon

Upon determining the amounts to be distributed by Perupetro and the distribution ratios by DGAES – MEF, the Decentralisation Secretariat of the Presidency of the Cabinet of Ministers (PCM) performs the pertaining calculation to determine the amounts to be transferred to the applicable districts, provinces and departments and gives DGTP – MEF notice to make the applicable transfers to the governments.

2.3 Outline of the Oil Canon and Additional Canon Collection and Distribution Process

Below we provide an outline of the oil Canon and Additional Canon collection and distribution process described in this Section, showing the components thereof and the sequence of the activities detailed therein.



Gas Royalty**1. General****1.1. Concept****Gas Royalty**

The fee paid by extractive companies of the gas sector to the Peruvian government for the extraction of gas resources in national territory under Law 27506 (year 2001). This law is applicable to companies conducting production activities in departments where no previous laws on hydrocarbon production activities existed. Companies that have produced gas before enactment of the aforementioned laws shall continue under the oil canon methodology, as explained in Section IV.3 Oil Royalty.

Gas Canon

The gas canon is the actual share to which local governments and regional governments are entitled in the income and revenues obtained by the government for gas extraction for economic purposes in such areas.

The gas canon includes extraction of natural gas and natural gas condensates.

1.2 Legal Basis in force during the periods covered by the Study

- Created by Law 27506 (issued July 10, 2001).
- Regulated by Supreme Decree 005-2002-EF (issued on January 09, 2002).
- Supreme Decree 003-2003-EF that amends Supreme Decree 005-2002-EF-Regulations of the Canon Law (issued on January 09, 2003).
- Supreme Decree 115-2003-EF that amends Supreme Decree 005-2002-EF, which approved the Regulations of the Canon Law (issued on August 14, 2003).
- Law 28077 - Amendment to Law 27506 – the Canon Law (issued on September 26, 2003).
- Supreme Decree 029-2004-EF that amends Supreme Decree 005-2002-EF, which approved the Regulations of Law 27506, the Canon Law (issued on February 17, 2004).
- Law 28322, the Law amending articles of Law 27506, the Canon Law, amended by Law 28077 (issued on August 10, 2004).
- Supreme Decree Nº 187-2004-EF that amends Supreme Decree 005-2002-EF, which approved the Regulations of Law 27506, the Canon Law (issued on February 28, 2005).
- Ministerial Resolution 073-2005-EF/15 that approved the distribution ratios of the gas canon for royalties and the participation of the government in Service Contracts (issued on February 28, 2005).

1.3. Participants

- Taxpayers: Gas companies in operation.
- Collecting entity: PERUPETRO
- Distributor: DGAES – MEF, PCM, DGTP – MEF.

1.4. Calculation Basis

- Income Tax

Income Tax =	Taxable Base x Rate
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For further information see point 1.4 of Section IV.1 of this report.

- Gas Royalty
The Calculation Basis for the gas royalty is the bi-weekly production volume times the rate set in each concession contract.
- Gas Canon
The gas canon consists of:
 - i) Fifty percent of Income Tax revenues received by the government from companies extracting gas and gas by-products.
 - ii) Fifty percent of Royalty revenues received for extraction of those natural resources.
 - iii) A percentage of the revenues received by the government for extraction of this natural resource as set forth in service contracts, if applicable. The applicable percentage is set by Supreme Decree (varies by contract).

1.5. Frequency

- Calculation:
Income Tax: Annual
Gas Royalty: Bi-weekly
Gas Canon: Monthly
- Collection:
Income Tax: Monthly, through collection of Income Tax payments on account.
Income tax settlement is conducted on an annual basis.
Gas Royalty: Bi-weekly
- Distribution:
Gas Canon: Monthly

1.6. Application of the Canon

Financing or co-financing public investment projects involving interventions intended to provide universal access to public services that bring benefits to the community, provided within the competence of their government level and consistent with the sector's policy guidelines. These projects shall not consider, under any circumstance, interventions for business purposes or that may be carried out by the private sector.

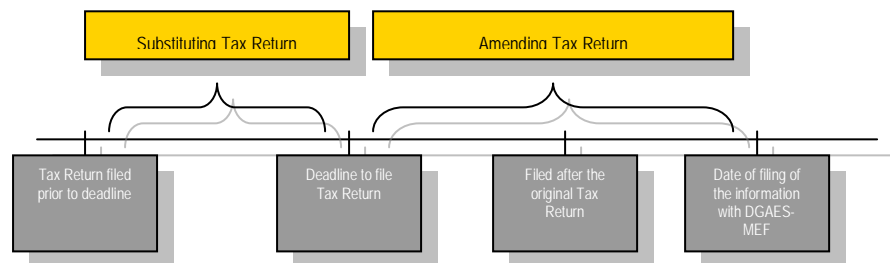
2. Procedure for Income Tax and Gas Royalty Collection and Gas Canon Distribution

2.1. Collection

- Income Tax
Companies determine the Income Tax payable in the Annual Income tax Return, by reviewing the annual income tax return form provided by the collection entity SUNAT. Companies make payments on account on a monthly basis, which payments are calculated on the basis of income, and at the fiscal year-end the Income Tax payable is settled using the Annual Income Tax Return. The Annual Income Tax Return is filed with SUNAT in the months of March and April following

the reporting year. The Income Tax accrued for the fiscal year (which amount serves as a basis for the distribution process) is the amount calculated for Income Tax, net of credits without reimbursement rights (boxes 504 y 516, respectively, of the Annual Income Tax Return). Companies may file Tax Returns Amending and Substituting the original Annual Income Tax Return filed.

Substituting tax returns are those that replace or substitute in their entirety the Tax Returns previously filed by the companies prior to the deadline set by SUNAT. Amending Tax Returns are those filed by the companies after the deadline set by SUNAT. For the purposes of this Study, the Substituting and Amending Tax Returns filed until the date in which SUNAT provides information to DGAES-MEF for the applicable distribution, which usually takes place in April and May of every year, have been considered.



- Gas Royalties

Perupetro is in charge of collecting gas royalties on a bi-weekly basis. Perupetro audits through a third party the sales operations of gas companies and uses the value of production to apply the royalty ratio required in license agreements. Upon completing this calculation, Perupetro submits to the gas company a pre-settlement of the royalty to be paid, upon receipt of which the gas company makes this payment to the bank accounts of Perupetro (payments are made in US dollars).

2.2. Distribution

- Canon from Income Tax

For the distribution process, MEM provides to MEF the information on the holders, the district where the extracted resource is located and their Taxpayer Registration (RUC) number, who during the previous fiscal year have performed extractive activities on natural resources. Upon obtaining such information, DGAES-MEF requests SUNAT the Income Tax amounts accrued for such taxpayers; DGAES-MEF provides such Income Tax amounts taking into account the Amending Tax Returns and the Substituting Tax Returns filed as of the cut-off date (usually at the end of April or the beginning of May). Based on these reports, DGAES-MEF determines the mining canon amount, which is equal to 50% of the Income tax amount accrued by operating gas companies.

- Canon from royalties

Even though gas companies pay royalties on a bi-weekly basis, the canon from gas royalties is calculated by Perupetro on a monthly basis according to the production

volume monitored at each production well. Perupetro deposits such amount in the accounts of the General Directorate of the Public Treasury of the Ministry of Economy and Finance. The amount determined is subtracted from the amount of the gas royalties received in the two fortnights of the current month. The share of Perupetro, MEM, and OSINERGMIN according to law and the Monitoring Expenses incurred during the period in order to audit commercial operations are determined based on the balance of the royalty received for such month. The remaining royalty balance is delivered to the Public Treasury.

PCM takes the distribution ratios provided by MEF and performs the calculation of the amounts to be distributed both for the Income Tax canon and the Gas royalty canon. Subsequently, PCM gives the General Directorate of the Public Treasury notice to make the applicable transfers.

2.2.1 Area of Influence

For purposes of gas canon distribution, the area of influence considered shall be as set forth in sub-paragraph c) of Article 4 of the Regulations (Supreme Decree 005-2002-EF):

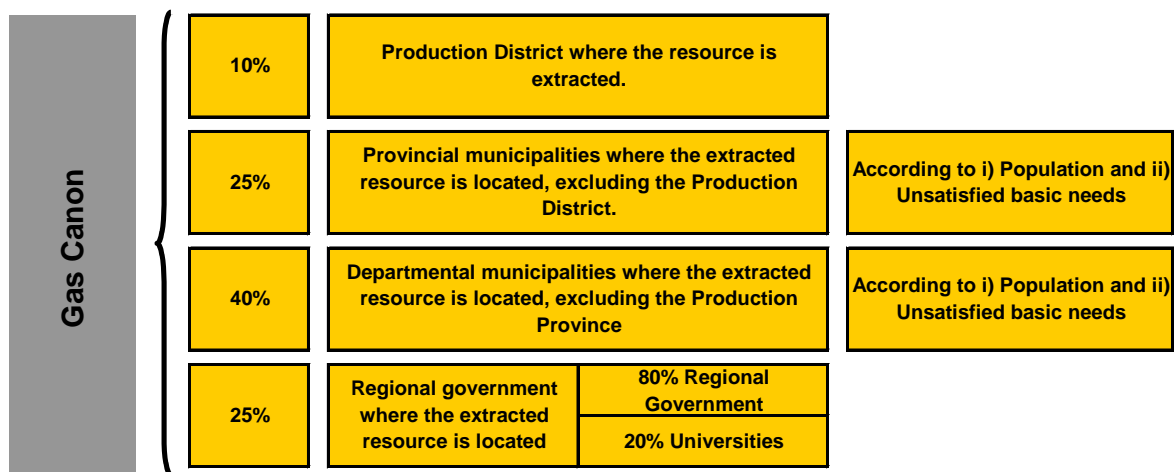
“...the territorial area of regional governments and local governments within the jurisdiction where natural gas and condensate operations are conducted, granted under the contractual forms provided in Law N° 26221 – Organic Hydrocarbon Law and its regulations. For contractors with concessions in operation located in different jurisdictions, distribution shall be made pro rata according to production volumes, as reported by the General Mining Bureau of the Ministry of Energy and Mines. In cases where mining concessions in operation extend to neighbouring jurisdictions, distribution shall be made in equal parts.”

2.2.2. Distribution Criteria

Under Article 5 of the Canon Law, Law 27506, as amended by Article 3 of Law 28077, “The canon will be distributed amongst regional and local governments in accordance with the distribution ratios set by MEF based on population and poverty criteria associated with basic needs that fail to be satisfied and infrastructure deficit.” Distribution of the canon is as follows:

- Ten percent (10%) of the total collected for local governments of the district municipality or municipalities where the natural resource is located.
- Twenty-five percent (25%) of the total collected for local governments of the province or provinces where the natural resource is located, excluding the producing district or districts.

- Forty percent (40%) of the total canon is allocated to local governments in the department or departments of the regions, excluding the province or provinces where the natural resource is located.
- Twenty-five percent (25%) of the collected total is allocated to the regional governments where the natural resource is located.



On the other hand, Emergency Decree 002-2004 dated March 30, 2004, provides that cases under the Special Systems (Greater Lima and the Constitutional Province of Callao) provided for in Articles 33 and 34 of Law 27783, the Decentralisation Bases Law, 40% of the total revenues collected will be distributed amongst the local governments of the respective jurisdictions. Also, if the producing province has only one district, the 25% allocated to the producing province will be distributed amongst the province or provinces where the natural resource is located.

2.2.3. Determination of Distribution Ratios

Under the above legal framework, gas canon proceeds are allocated to governments according to distribution ratios established using information provided by the following official sources:

- National Institute of Statistics and Information (INEI)
 - ✓ Estimated population forecasts for the years 2004 - 2007 by department, province and district.
 - ✓ Poverty rate associated with unsatisfied basic needs (NBI) and infrastructure deficit by department, province and district.
- Ministry of Energy and Mines (MINEM)
 - ✓ Listing of companies that conduct natural gas extraction activities under the contractual forms of Licence Agreements and Service Contracts.
 - ✓ Location of concession areas by department, province and district.

Based on applicable laws and the information provided by the aforementioned various official sources, DGAES - MEF proceeds to calculate the distribution ratios of the gas canon for each local and regional government.

2.2.4 Exchange Rate

Income and revenues received by the government in foreign currency and which serve as a basis to determine the applicable gas canon are converted to domestic currency using the exchange rate published by the Banking and Insurance Superintendence on the date of transfer of the resulting gas canon.

2.2.5 Transfer of the Gas Canon

Upon determining the amounts to be distributed (by Perupetro and DGAES – MEF), and the distribution ratios by DGAES – MEF, PCM will perform the appropriate calculation to determine the amounts to be transferred to the applicable districts, provinces and departments and gives DGTP – MEF notice to make the applicable transfers to the governments.

2.3 Outline of the Gas Royalty and Income Tax Collection and Gas Canon Distribution Process

Below we provide a flow chart of the gas royalty and Income Tax collection and gas canon distribution process, showing the components thereof and the sequence of the activities detailed therein:



IV.5 Property Fee

1. General

1.1. Concept

The property fee is the annual payment that every holder of a mining, ore processing, general work, mining transportation, or construction material extraction concession is required to make, whether as a large-, medium- or small-scale or as an artisanal mining operation, to maintain its status as holder of the area under concession, consisting of the aggregate operation rights of all concession holders granted by the government, under agreed terms and conditions. Failure to pay the property fee for two consecutive years results in termination of the concession and therefore in extinguishment thereof; without prejudice to such other obligations as may apply to the holder of a mining operation.

1.2. Legal Basis in force during the periods covered by the Study

- Consolidated Text (*Texto Único Ordenado*) of the General Mining Law. Supreme Decree 014-92-EM. 04/06/1992
- Regulations of Mining Procedures. Supreme Decree 018-92-EM. 07/09/1992
- Regulations of Miscellaneous Titles of the General Mining Law TUO. Supreme Decree 03-94-EM. 01/14/1994
- Law that amends Law 27015 (Art. 9 property fee for mining operation rights). Law 27560. 11/24/2001
- Approval of Regulations to the Special Law that regulates granting mining concessions in urban and urban expansion areas. (Art. 13 Return of the Property Fee). Supreme Decree 008-2002-EM. 01/21/2002
- Authorisation to use Digital Census Maps prepared by INEI for distribution of property fee revenues amongst municipalities and location of mining operation rights. Supreme Decree 002-2001. 01/18/2001.
- Procedures to calculate payment of the property fee by processing concessions are established. D. R. 185-97-EM/DGM. 05/16/1997.
- Law on Formalisation and Promotion of Small-scale and Artisanal Mining. Law 27651. 01/24/2002
- Provisions for payment of the property fee and/or penalty are established and the Regulations of Miscellaneous Titles of the General Mining Law TUO and the Regulations of Mining Procedures are amended. 010-2002-EM. 03/09/2002.
- Regulations of the Law on Formalisation and Promotion of Small-scale and Artisanal Mining are approved. Supreme Decree 013-2002-EM. 04/21/2002
- Amendment to Art. 34, 37 y 74 of the Regulations of Miscellaneous Titles of the General Mining Law, approved by S.D. 03-94-EM. Supreme Decree 045-2007-EM. 09/06/2007

1.3. Participants

- Taxpayers: Mining companies in prospecting stages and in operation.
- Collecting Entity: Property Fee Bureau of INGEMMET.
- Distributor: Property Fee Bureau of INGEMMET.

1.4. Calculation Basis

Property Fee= # of Hectares of the Mining Claim (according to the List of Registered Mines)) X Rate

1.5. Frequency

- Calculation: Annual
- Collection: Annual
- Distribution: Monthly

1.6. Application

This information is detailed in the table in the Property Fee “Distribution Criteria” Section.

2. Procedure for Collection and Distribution of Property Fees

2.1. Collection

Collection of property fee and/or penalty payments is made as follows:

- For claims filed for the first time (filing of applications for mining concessions), collection may be made at any time of the year, depending of the day when such claims are filed.
- For claims over one year-old from the date the mining claim was filed, collection is made from January 01 to June 30 of the year following accrual of the right, based on the information contained in the List of Registered Mines (*Padrón Minero*).

Holders pay the property fee at the Banks designated by the Property Fee Bureau of INGEMMET for such purposes (main banks of the country). For this purpose, the Property Fee Bureau of INGEMMET provides the banks with the code listing of the claims to be paid. The payer only needs to provide the code of the claims to be paid. Payments may not be made in parts, and are made once a year only. Payments are made in US dollars or in soles at the exchange rate determined by the financial entity at the time of the transaction.

Amounts to be paid according to holder status (status is determined by the General Mining Bureau of MEM)

Status	Property Fee	Penalty ²
General System	US\$ 3 x Hectare	US\$ 6 x Hectare (A) US\$ 20 x Hectare (B)
Small-scale Mining Producer	US\$ 1 x Hectare	US\$ 1 x Hectare (A) US\$ 5 x Hectare (B)
Artisanal Mining Producer	US\$ 0.50 x Hectare	US\$ 0.50 x Hectare (A) US\$ 3 x Hectare (B)

(A) Applicable to holders and/or assigns within the scope of the 1st paragraph of Art. 40 of TUO³.

¹ Penalty is the amount to be paid annually to maintain operation rights over the mining concession when the minimum production or investment fails to be demonstrated to the General Mining Bureau – in spite of being required – within the time limits set for such purpose.

² Applicable to holders and/or assigns within the scope of the 1st paragraph of Art. 40 of TUO.

Article 40.- In the event of failure to comply with the provisions in Article 38, as from the second half of the seventh year computed as from the year in which title to the mining concession was granted, the concession holder shall pay a penalty of US\$ 6.00 or the equivalent thereof in domestic currency per year and per hectare, until the year when such concession holder meets annual minimum production. For small-scale mining producers, the penalty shall be US\$ 1.00 or the equivalent thereof in domestic currency per year and per hectare, until the year when they meet annual minimum production.

(B) Applicable to holders and/or assigns within the scope of the 2nd paragraph of Art. 40 of TUO³.

2.2. Distribution

The monthly process whereby the revenues on property fee and penalty are allocated to Local Governments, Regional Government, and Entities of the Energy and Mining Sector, as applicable.

The amount received and distributable in one month is transferred in the second half of the month following receipt in the accounts at Banco de la Nación created for such purpose.

2.2.1 Area of Influence

For purposes of distribution of the property fee, the territorial area of the district governments where the mining concessions engaged in prospecting and in operation are located is considered as the area of influence.

2.2.2 Distribution Criteria

The Property Fee Bureau of INGEMMET calculates 100% of the Property Fees received every month as follows, in accordance with Law 28327:

%	Entity ⁴	Application
75%	District municipality or district municipalities where the mining concession applied for or the concession is located.	Implementation of investment and development programmes in their respective jurisdictions. If the mining concession applied for or the concession itself is located in two (2) or more district municipalities, distribution will be made in equal parts.
20%	Geological, Mining and Metallurgical Institute – INGEMMET (a)	For purposes of maintenance and development of the Concession and Mining Cadastre System of the Property Fee Distribution System.
5%	Ministry of Energy and Mines	For purposes of maintenance and development of the Mining-Metallurgical Information System

(a) Law 28327 provides a distribution of 10% for INGEMMET and 10% for INAAC; however, since the functions of the former INAAC are currently performed by INGEMMET, 20% is allocated to INGEMMET.

The SIDEMCAT system gathers information on property fee revenue collection made through the Banks and makes the distribution automatically following the ratios set forth in the above table. Upon determining this information, it is reviewed by the Property Fee Director of INGEMMET, who authorizes issue of a resolution in the official gazette "El Peruano" detailing the distribution.

³ Applicable to holders and/or assigns within the scope of the 2nd paragraph of Art. 40 of TUO.

Should failure to comply continue, as from the twelfth year, the penalty shall be US\$ 20.00 or the equivalent thereof in domestic currency per year and per hectare. For small-scale mining producers, the penalty as from the twelfth year shall be US\$ 3.00 or the equivalent thereof in domestic currency per year and per hectare.

⁴ Regional governments will receive the 20% and 5% ratios (described in this table) that pertain to payment made by small-scale mining producers and artisanal mining producers in performance of the duties that, in mining matters, have been transferred within the decentralisation process, especially those pertaining to environmental protection.

2.2.3 Determination of Distribution Ratios

Not applicable to property fee issues.

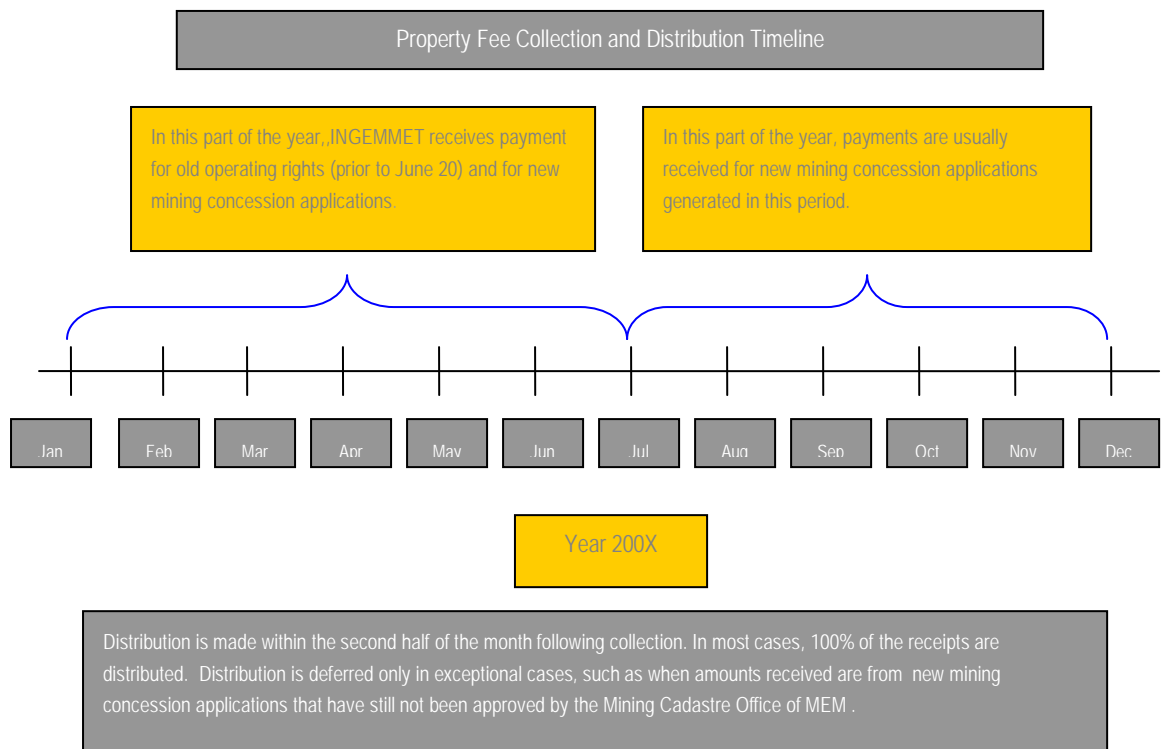
2.2.4 Exchange Rate

The property fee is collected in both domestic currency and in foreign currency (US dollars). At the time of determining the distribution, the amounts are calculated based on the currency of collection. Upon transferring these funds to Banco de la Nación for the applicable transfers, these are converted to nuevos soles, if required, using the exchange rate applicable on the transfer date as indicated by the Banking and Insurance Superintendence (SBS).

2.2.5 Transfer of the Property Fee

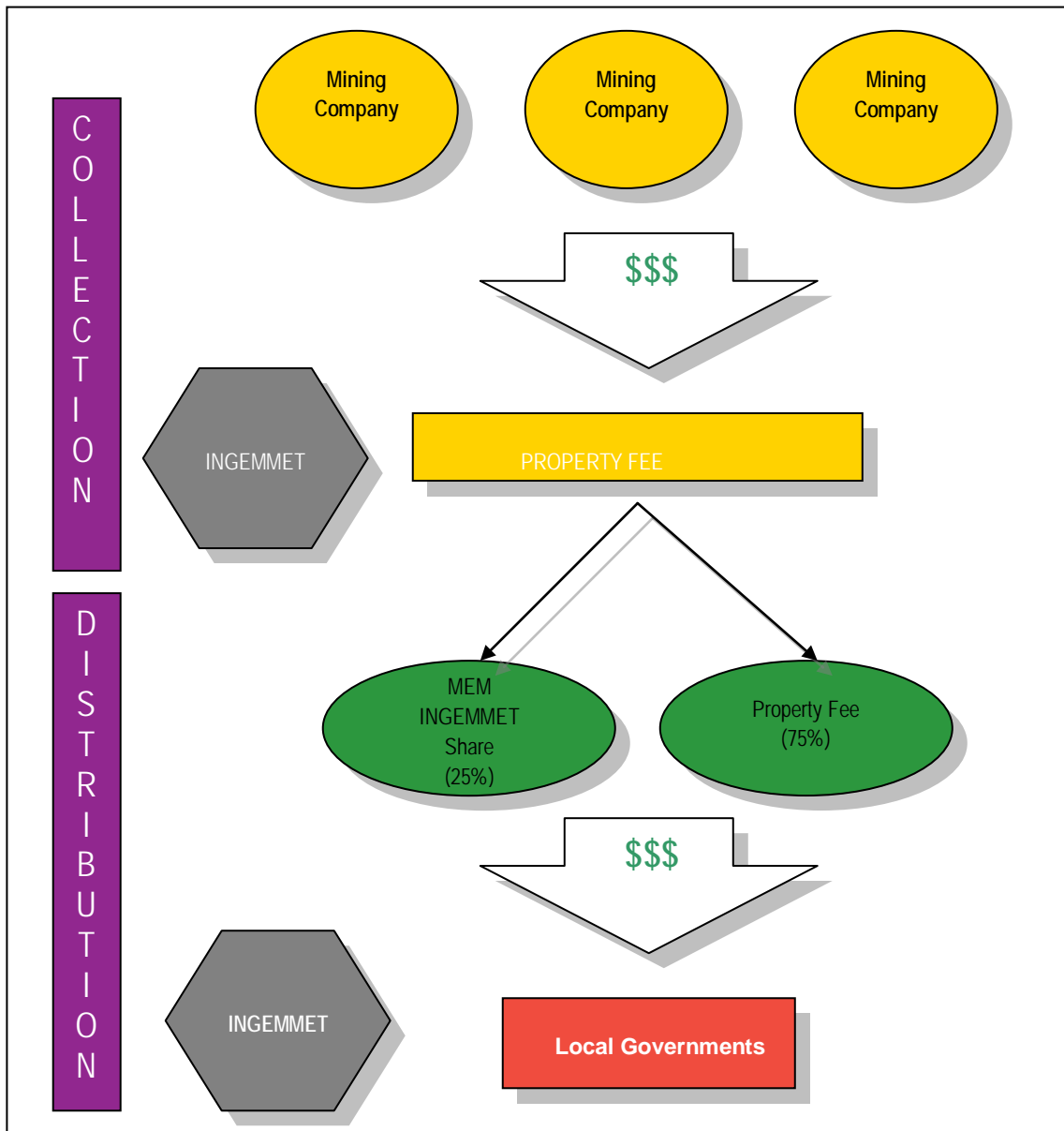
Upon issuing of the distribution resolution to the public (one issuance per distribution), such information is submitted to the administrative area of INGEMMET for this entity to proceed, by another resolution, to make the pertaining transfers within the second half of the month following the month when the amounts were collected.

Property Fee Collection and Distribution Timeline



2.3 Outline of the Property Fee Collection and Distribution Process

Below we provide an outline of the property fee collection and distribution process described in this Section, providing the components thereof and the sequence of the activities detailed therein.



V. Final Summary of Results of the Revenue Collection Reconciliation Study

Below is the final summary of the reconciliation study of income tax, mining and oil royalty and property fee revenue collection.

V.1. Final Summary of the Income Tax Reconciliation Study

Income Tax amounts were reconciled taking the original reporting currency into account, so the amounts are shown either in soles or in US dollars according to the reporting currency of each company.

Below we provide the final summary of the Income Tax Reconciliation Study for hydrocarbon companies:

Summary of Income Tax received from hydrocarbon companies

Final Summary of Income Tax Reconciliation Study for Hydrocarbon companies					
Year	Currency	According to Company	According to SUNAT	Difference	%
2004	S/	14,279,522	14,279,522	-	-
	US\$	34,342,327	34,342,327	-	-
2005	S/	228,295,240	228,295,240	-	-
	US\$	55,818,963	55,818,963	-	-
2006	S/	170,837,305	170,837,215	90	-
	US\$	83,322,117	83,322,117	-	-
2007	S/	181,234,259	181,234,259	-	-
	US\$	63,601,136	63,601,136	-	-
Total	S/	594,646,326	594,646,236	90	-
Total	US\$	237,084,543	237,084,543	-	-

From the above table, the following is detailed below:

Summary of Income Tax revenue collected from hydrocarbon companies not subject to payment of gas royalties by Income Tax

Final Summary of Income Tax Reconciliation Study for Hydrocarbon companies				
Year	Currency	According to Company	According to SUNAT	Difference
2004	S/	13,995,926	13,995,926	-
	US\$	34,342,327	34,342,327	-
2005	S/	15,235,648	15,235,648	-
	US\$	47,857,852	47,857,852	-
2006	S/	120,559,909	120,559,819	90
	US\$	65,136,172	65,136,172	-
2007	S/	104,857,935	104,857,935	-
	US\$	36,767,792	36,767,792	-
Total	S/	254,649,418	254,649,328	90
Total	US\$	184,104,143	184,104,143	-

Summary of Income Tax revenue collected from hydrocarbon companies subject to payment of gas royalties by Income Tax

Final Summary of Income Tax Reconciliation Study for Hydrocarbon companies				
Year	Currency	According to Company	According to SUNAT	Difference
2004	S/	283,596	283,596	-
	US\$	-	-	-
2005	S/	213,059,592	213,059,592	-
	US\$	7,961,111	7,961,111	-
2006	S/	50,277,396	50,277,396	-
	US\$	18,185,945	18,185,945	-
2007	S/	76,376,324	76,376,324	-
	US\$	26,833,344	26,833,344	-
Total	S/	339,996,908	339,996,908	-
Total	US\$	52,980,400	52,980,400	-

Also, below is a final summary of the income tax reconciliation study for mining companies in operation:

Final Summary of Income Tax Reconciliation Study for Mining Companies in Operation					
Year	Currency	According to Company	According to SUNAT	Difference	%
2004	S/	1,296,354,699	1,296,354,699	-	-
	US\$	225,794,367	225,596,067	198,300	0.06%
2005	S/	1,783,624,922	1,783,624,922	-	-
	US\$	658,910,960	658,984,795	(73,835)	0.01%
2006	S/	2,745,343,989	2,745,343,988	1	-
	US\$	1,392,040,567	1,392,040,555	12	-
2007	S/	2,719,285,774	2,717,938,963	1,346,811	0.01%
	US\$	1,476,120,351	1,476,120,351	-	-
Total	S/	8,544,609,384	8,543,262,572	1,346,812	0.005%
Total	US\$	3,752,866,245	3,752,741,768	124,477	0.003%

Differences are explained in Section VI.1 of this report.

V.2. Final Summary of the Mining and Hydrocarbon Royalty Reconciliation Study

Below we provide the final summary of the Mining Royalty Reconciliation Study:

Final Summary of Mining Royalty Reconciliation					
Year	Currency	According to Company	According to MEF / SUNAT	Difference	%
2004	S/	63,07	64,12	(1,042,514)	1.63%
2005	S/	173,56	173,97	(412,254)	0.24%
2006	S/	295,44	295,44	-	-
2007	S/	339,36	339,51	(155,521)	0.05%
Total	S/	871,44	873,05	(1,610,289)	0.184%

Differences result from late payment of the mining royalty for some months (10% of the amount paid by companies) that failed to be reported by the companies but were reported by public entities.

Below we provide the final summary of the Hydrocarbon Royalty Reconciliation Study:

Final Summary of Hydrocarbon Royalty Reconciliation					
Year	Currency	According to Perupetro	According to Company	Difference	%
2004	US\$	216,869,247	216,869,247	-	-
2005	US\$	372,629,162	372,685,628	(56,466)	0.02%
2006	US\$	463,481,055	463,441,480	39,575	0.01%
2007	US\$	541,428,678	541,434,527	(5,849)	-
Total	US\$	1,594,408,142	1,594,430,881	(22,739)	-

Differences are explained in Section VI.3 of this report.

V.3. Final Summary of the Property Fee Reconciliation Study

Below we provide the final summary of the Property Fee Reconciliation Study:

Summary of Reconciliation of Property Fees						
Year	Currency	According to Company	According to INGEMMET	Difference		%
2004	US\$	3,476,212	4,302,143	329,410	(1,155,341)	19%
2005	US\$	3,729,387	4,908,196	128,943	(1,307,752)	24%
2006	US\$	5,300,934	5,442,847	546,635	(688,548)	3%
2007	US\$	6,514,778	6,196,811	1,081,098	(763,131)	5%
Total	US\$	19,021,311	20,849,997	2,086,086	(3,914,772)	9%

Differences are explained in detail in Section VI.4 of this report.

VI. Detail of Results from the Revenue Collection Reconciliation Study

Below we provide the final results of reconciliation between the information provided by companies adhering to the Study and the information provided by public entities for the following items:

- Income Tax
- Mining royalty
- Hydrocarbon royalty
- Property fee

It should be noted that the information provided is consistent with the companies' choice to provide their information in aggregate or in disaggregated form.

In the adhesion form signed by the companies adhering to the EITI Study through the EITI Working Committee in Peru, each company states if its information is provided in aggregate form (jointly with a specific group of companies) or in disaggregated form (showing the information company provided by the company in itemized form).

Ernst & Young has entered with the companies adhering to the Study into a confidentiality agreement where it undertakes to respect the choice of the parties as set forth in the adhesion forms.

Below we provide a list of the companies adhered to the EITI setting forth their willingness to participate in the Reconciliation Study:

No.	Subsector	Prospecting / Operation	Company	Choice of participation: aggregate or disaggregate
1	Hydrocarbons	Operation	Hunt Oil Company of Perú L.L.C.	Aggregate
2	Hydrocarbons	Operation	Maple Gas Corporation del Perú S.R.L.	Disaggregated
3	Hydrocarbons	Operation	Olympic Perú INC, Sucursal del Perú	Aggregate
4	Hydrocarbons	Prospecting	Perenco Perú Limited, Sucursal del Perú	Aggregate
5	Hydrocarbons	Operation	Petrobras Energía Perú S.A.	Disaggregated
6	Hydrocarbons	Operation	Pluspetrol Norte S.A.	Aggregate
7	Hydrocarbons	Operation	Pluspetrol Perú Corporation S.A.	Aggregate
8	Hydrocarbons	Operation	Pluspetrol Camisea S.A.	Aggregate
9	Hydrocarbons	Operation	Repsol Exploración Perú, Sucursal del Perú	Aggregate
10	Mining	Operation	Compañía de Minas Buenaventura S.A.A	Aggregate
11	Mining	Operation	Compañía Minera Antamina S.A.	Disaggregated
12	Mining	Operation	Compañía Minera Argentum S.A.	Disaggregated
13	Mining	Operation	Compañía Minera Milpo S.A.A.	Aggregate
14	Mining	Operation	Compañía Minera Raura S.A	Disaggregated
15	Mining	Operation	Empresa Minera Los Quenuales S.A.	Disaggregated
16	Mining	Operation	Minera Bateas S.A.C.	Disaggregated
17	Mining	Operation	Minera Pampa de Cobre S.A.	Aggregate
18	Mining	Operation	Minera Yanacocha S.R.L.	Disaggregated
19	Mining	Operation	Minsur S.A.	Disaggregated
20	Mining	Operation	Pan American Silver S.A.C. - Mina Quiruvilca	Disaggregated
21	Mining	Operation	Perubar	Disaggregated
22	Mining	Operation	Sociedad Minera Cerro Verde S.A.A.	Aggregate
23	Mining	Operation	Southern Peru Copper Corporation, Sucursal del Perú	Disaggregated
24	Mining	Operation	Xstrata Tintaya S.A.	Disaggregated
25	Mining	Operation	Minera Barrick Misquichilca S.A.	Aggregate
26	Mining	Operation	Sociedad Minera El Brocal S.A.A.	Aggregate
27	Mining	Operation	Inversiones Mineras del Sur S.A.	Disaggregated
28	Mining	Operation	Cedimin.S.A.C	Disaggregated
29	Mining	Exploración	Anglo American Michiquillay S.A.	Disaggregated
30	Mining	Exploración	Anglo American Quellaveco S.A.	Disaggregated
31	Mining	Exploración	Anglo American Exploration Perú S.A.	Disaggregated
32	Mining	Exploración	Río Tinto Minera Perú Limitada S.A.C.	Disaggregated
33	Mining	Exploración	Río Tinto Mining and Exploration S.A.C.	Disaggregated

VI.1. Income Tax

For purposes of reconciling Income Tax collected, a universe of 27 companies is considered: 8 hydrocarbon companies and 19 mining companies adhered to the EITI initiative, because 6 of the 33 companies adhering to the Study were in the prospecting stage from 2004 to 2007 and, therefore, having earned no income, there is no income tax to be reported and paid. Such companies are:

- 1 Perenco Perú Limited, Sucursal del Perú
- 2 Anglo American Michiquillay S.A.
- 3 Anglo American Quellaveco S.A.
- 4 Anglo American Exploration Perú S.A
- 5 Río Tinto Minera Perú Limitada S.A.C.
- 6 Río Tinto Mining and Exploration S.A.C.

Reconciling consists in comparing the reported Income Tax amounts provided by the adhering mining and hydrocarbon companies to the Income Tax amounts provided by SUNAT. The Income Tax amount earned during the period (which amount serves as the basis for the canon distribution process) pertains to the amount calculated for Income Tax plus payments on account of Income Tax credited against the ITAN, as determined and entered by each company in boxes 504 y 126, respectively, except for companies that have more than one economic administrative unit, for which the amounts reported in the mining or hydrocarbon attachments to the tax returns filed by each company to SUNAT were considered.

Income Tax amounts were reconciled taking the original reporting currency into account, so the amounts are shown either in soles or in US dollars according to the reporting currency of each company.

Reconciliation between Income Tax paid by Adhering Companies and Revenues received by SUNAT

Year 2004

N°	Company	Currency	Year 2004		
			According to Company	According to SUNAT	Difference
	Hydrocarbon Companies				
1	Maple Gas Corporation del Perú S.R.L.	S/	5,816,032	5,816,032	-
2	Petrobras Energía Perú S.A.	S/	8,179,894	8,179,894	-
	Aggregate Companies in US Dollars (ii)	S/	283,596	283,596	-
	Aggregate Companies in US Dollars (ii)	US\$	34,342,327	34,342,327	-
	TOTAL	S/	14,279,522	14,279,522	-
	TOTAL	US\$	34,342,327	34,342,327	-
	Mining Companies				
1	Inversiones Mineras del Sur S.A.	S/	12,610,996	12,610,996	-
2	Cedimin S.A.C.	S/	1,392,701	1,392,701	-
3	Compañía Minera Antamina S.A.	US\$	-	-	-
4	Compañía Minera Argentum S.A.	S/	5,754,667	5,754,667	-
5	Pan American Silver S.A.C. Mina Quiruvilca	S/	-	-	-
6	Compañía Minera Raura S.A.	S/	-	-	-
7	Empresa Minera Los Quenuales S.A.	S/	2,956,130	2,956,130	-
8	Perubar S.A.	S/	-	-	-
9	Minera Bateas S.A.C.	S/	-	-	-
10	Minera Yanacocha S.R.L.	US\$	181,448,905	181,448,905	-
11	Minsur S.A.	S/	250,437,265	250,437,265	-
12	Southern Peru Copper Corporation, Sucursal del Perú	S/	891,799,271	891,799,271	-
13	Xstrata Tintaya S.A.	US\$	18,676,371	18,676,371	-
	Aggregate Companies in Nuevos Soles (iii)	S/	131,403,669	131,403,669	-
	Aggregate Companies in US Dollars (iii)	US\$	25,669,091	25,470,791	198,300
	TOTAL	S/	1,296,354,699	1,296,354,699	-
	TOTAL	US\$	225,794,367	225,596,067	198,300

Notes:

(i) Final difference between the amount provided by an aggregate company and the amounts reported by SUNAT not explained. The difference is about 0.8% vis-à-vis the amount reported by the company.

(ii) Detail of aggregate hydrocarbon companies:

- Hunt Oil Company of Perú L.L.C.
- Olympic Perú INC, Sucursal del Perú
- Pluspetrol Norte S.A.
- Pluspetrol Perú Corporation S.A.
- Pluspetrol Camisea S.A.
- Repsol Exploración Perú, Sucursal del Perú

(iii) Detail of aggregate mining companies:

- Compañía de Minas Buenaventura S.A.A.
- Compañía Minera Milpo S.A.A.
- Minera Pampa de Cobre S.A.
- Sociedad Minera Cerro Verde S.A.A.
- Minera Barrick Misquichilca S.A.
- Sociedad Minera El Brocal S.A.A.

Year 2005

N°	Company	Currency	Year 2005		
			According to Company	According to SUNAT	Difference
Hydrocarbon Companies					
1	Maple Gas Corporation del Perú S.R.L.	S/	6,120,182	6,120,182	-
2	Petrobras Energía Perú S.A.	S/	9,115,466	9,115,466	-
	Aggregate Companies in US Dollars (iii)	S/	213,059,592	213,059,592	-
	Aggregate Companies in US Dollars (ii)	US\$	55,818,963	55,818,963	-
	TOTAL	S/	228,295,240	228,295,240	-
	TOTAL	US\$	55,818,963	55,818,963	-
Mining Companies					
1	Inversiones Mineras del Sur S.A.	S/	11,832,286	11,832,286	-
2	Cedimin S.A.C.	S/	1,992,845	1,992,845	-
3	Compañía Minera Antamina S.A.	US\$	288,880,409	288,880,409	-
4	Compañía Minera Argentum S.A.	S/	9,706,324	9,706,324	-
5	Pan American Silver S.A.C. Mina Quiruvilca	S/	602,447	602,447	-
6	Compañía Minera Raura S.A.	S/	6,228,566	6,228,566	-
7	Empresa Minera Los Quenuales S.A.	S/	42,139,622	42,139,622	-
8	Perubar S.A.	S/	-	-	-
9	Minera Bateas S.A.C.	S/	-	-	-
10	Minera Yanacocha S.R.L.	US\$	231,495,345	231,569,179	(73,834)
11	Minsur S.A.	S/	199,127,608	199,127,608	-
12	Southern Perú Copper Corporation, Sucursal del Perú	S/	1,365,823,597	1,365,823,597	-
13	Xstrata Tintaya S.A.	US\$	56,130,732	56,130,733	(1)
	Aggregate Companies in Nuevos Soles (iv)	S/	146,171,627	146,171,627	-
	Aggregate Companies in US Dollars (iv)	US\$	82,404,474	82,404,474	-
	TOTAL	S/	1,783,624,922	1,783,624,922	-
	TOTAL	US\$	658,910,960	658,984,795	(73,835)

Notes:

(i). Final difference between the amount provided by the company and the amounts reported by SUNAT not explained. The difference is about 0.03% vis-à-vis the amount reported by the company

(ii) Resulting income tax equal to zero (o) because these companies had either no taxable income or generated tax losses during the period.

(iii) Detail of Aggregate hydrocarbon Companies:

- Hunt Oil Company of Perú L.L.C.
- Olympic Perú INC, Sucursal del Perú
- Pluspetrol Norte S.A.
- Pluspetrol Perú Corporation S.A.
- Pluspetrol Camisea S.A.
- Repsol Exploración Perú, Sucursal del Perú

(iv) Detail of Aggregate mining Companies:

- Compañía de Minas Buenaventura S.A.A.
- Compañía Minera Milpo S.A.A.
- Minera Pampa de Cobre S.A.
- Sociedad Minera Cerro Verde S.A.A.
- Minera Barrick Misquichilca S.A.
- Sociedad Minera El Brocal S.A.A.

Year 2006

N°	Company	Currency	Year 2006		
			According to Company	According to SUNAT	Difference
	<u>Hydrocarbon Companies</u>				
1	Maple Gas Corporation del Perú S.R.L.	S/	5,875,496	5,875,406	90
2	Petrobras Energía Perú S.A.	S/	114,684,413	114,684,413	-
	Aggregate Companies in Nuevos Soles (ii)	S/	50,277,396	50,277,396	-
	Aggregate Companies in US Dollars (ii)	US\$	83,322,117	83,322,117	-
	TOTAL	S/	170,837,305	170,837,215	90
	TOTAL	US\$	83,322,117	83,322,117	-
	<u>Mining Companies</u>				
1	Inversiones Mineras del Sur S.A.	S/	22,215,703	22,215,703	-
2	Cedimin S.A.C.	S/	4,155,400	4,155,400	-
3	Compañía Minera Antamina S.A.	US\$	740,007,473	740,007,473	-
4	Compañía Minera Argentum S.A.	S/	39,334,905	39,334,905	-
5	Pan American Silver S.A.C. Mina Quiruvilca	S/	53,495,175	53,495,175	-
6	Compañía Minera Raura S.A.	S/	39,283,156	39,283,156	-
7	Empresa Minera Los Quenuales S.A.	S/	210,948,904	210,948,903	1
8	Perubar S.A.	S/	23,587,403	23,587,403	-
9	Minera Bateas S.A.C.	S/	-	-	-
10	Minera Yanacocha S.R.L.	US\$	256,481,599	256,481,587	12
11	Minsur S.A.	S/	190,668,488	190,668,488	-
12	Southern Perú Copper Corporation, Sucursal del Perú	S/	1,893,561,217	1,893,561,217	-
13	Xstrata Tintaya S.A.	US\$	143,153,090	143,153,090	-
	Aggregate Companies in Nuevos Soles (iii)	S/	268,093,638	268,093,638	-
	Aggregate Companies in US Dollars (iii)	US\$	252,398,405	252,398,405	-
	TOTAL	S/	2,745,343,989	2,745,343,988	1
	TOTAL	US\$	1,392,040,567	1,392,040,555	12

Notes:

(i) Resulting income tax equal to zero (o) because these companies had either no taxable income or generated tax losses during the period.

(ii) Detail of Aggregate hydrocarbon Companies:

- Hunt Oil Company of Perú L.L.C.
- Olympic Perú INC, Sucursal del Perú
- Pluspetrol Norte S.A.
- Pluspetrol Perú Corporation S.A.
- Pluspetrol Camisea S.A.
- Repsol Exploración Perú, Sucursal del Perú

(iii) Detail of Aggregate mining:

- Compañía de Minas Buenaventura S.A.A.
- Compañía Minera Milpo S.A.A.
- Minera Pampa de Cobre S.A.
- Sociedad Minera Cerro Verde S.A.A.
- Minera Barrick Misquichilca S.A.
- Sociedad Minera El Brocal S.A.A.

Year 2007

N°	Company	Currency	Year 2007		
			According to Company	According to SUNAT	Difference
Hydrocarbon Companies					
1	Maple Gas Corporation del Perú S.R.L.	S/	4,131,098	4,131,098	-
2	Petrobras Energía Perú S.A.	S/	100,726,837	100,726,837	-
	Aggregate Companies in Nuevos Soles (iii)	S/	76,376,324	76,376,324	-
	Aggregate Companies in US Dollars(iii)	US\$	63,601,136	63,601,136	-
	TOTAL	S/	181,234,259	181,234,259	-
	TOTAL	US\$	63,601,136	63,601,136	-
Mining Companies					
1	Inversiones Mineras del Sur S.A.	S/	-	-	-
2	Cedimin S.A.C.	S/	7,800,951	7,800,951	-
3	Compañía Minera Antamina S.A.	US\$	719,327,768	719,327,768	-
4	Compañía Minera Argentum S.A.	S/	26,051,014	26,051,014	-
5	Pan American Silver S.A.C. Mina Quiruvilca	S/	36,662,712	36,662,712	-
6	Compañía Minera Raura S.A.	S/	39,917,388	39,917,388	-
7	Empresa Minera Los Quenuales S.A.	S/	216,603,317	216,603,317	-
8	Perubar S.A.	S/	19,107,212	19,107,212	-
9	Minera Bateas S.A.C.	S/	1,197,576	1,197,576	-
10	Minera Yanacocha S.R.L.	US\$	113,217,620	113,217,620	-
11	Minsur S.A.	S/	322,594,396	322,594,396	-
12	Southern Perú Copper Corporation, Sucursal del Perú	S/	1,801,941,060	1,800,594,249	1,346,811
13	Xstrata Tintaya S.A.	US\$	154,941,809	154,941,809	-
	Aggregate Companies in Nuevos Soles (iv)	S/	247,410,148	247,410,148	-
	Aggregate Companies in US Dollars(iv)	US\$	488,633,154	488,633,154	-
	TOTAL	S/	2,719,285,774	2,717,938,963	1,346,811
	TOTAL	US\$	1,476,120,351	1,476,120,351	-

Notes:

(i) Difference results from reporting of the tax amount by the company prior to deducting non-reimbursable credits for S/1, 346,811. Taking such credits deduction into account, there are no differences with the amount reported by SUNAT.

(ii) In 2007 the company merged with Compañía de Minas Buenaventura S.A.A.

(iii) Detail of aggregate hydrocarbon companies:

- Hunt Oil Company of Perú L.L.C.
- Olympic Perú INC, Sucursal del Perú
- Pluspetrol Norte S.A.
- Pluspetrol Perú Corporation S.A.
- Pluspetrol Camisea S.A.
- Repsol Exploración Perú, Sucursal del Perú

(iv) Detail of aggregate mining companies:

- Compañía de Minas Buenaventura S.A.A.
- Compañía Minera Milpo S.A.A.
- Minera Pampa de Cobre S.A.
- Sociedad Minera Cerro Verde S.A.A.
- Minera Barrick Misquichilca S.A.
- Sociedad Minera El Brocal S.A.A.

VI.2 Mining Royalty

Mining royalties are determined by mining companies in operation. Of the universe of companies adhering to the Study, 19 of the 24 mining companies are in operation. Of these 19 companies, 4 have entered tax and administrative stability agreements prior to entry in force of the Mining Royalty, Law 28258 (June 2004) so the obligation to pay the mining royalty in the period under review does not apply to such companies. Therefore, the universe of companies adhering to the Study who are required to pay mining royalties and for which the applicable reconciliation has been conducted consists of 15 companies.

Mining companies in the prospecting stage to which mining royalties do not apply are:

- 1 Anglo American Michiquillay S.A.
- 2 Anglo American Quellaveco S.A.
- 3 Anglo American Exploration del Perú S.A.
- 4 Río Tinto Minera Perú Limitada S.A.C.
- 5 Río Tinto Mining and Exploration S.A.C

Mining companies that have entered tax and administrative stability agreements prior to entry in force of the Mining Royalty, Law 28258 (June 2004) to whom the obligation to pay the mining royalty in the period under review does not apply are:

- 1 Compañía Minera Antamina S.A.
- 2 Sociedad Minera Cerro Verde S.A.A.
- 3 Xstrata Tintaya S.A.
- 4 Minera Barrick Misquichilca S.A.

Reconciliation between mining royalties paid by companies adhering to the Study and revenues received by SUNAT, expressed in nuevos soles.

[TEXT IN THE FOLLOWING FOUR TABLES FOR YEARS 2004 – 2007]:

Nro: No.
Compañía: Company
Diferencia: Difference
Compañías Agregadas: Aggregate Companies

Year 2004

Nro.	Compañía	2004 (S/.)			
		Compañía	SUNAT / MEF	Diferencia	Ref.
1	Inversiones Mineras Del Sur S.A.	876,062	919,634	(43,572)	(i)
2	Cedimin S.A.C.	215,886	227,934	(12,048)	(i)
3	Compañía Minera Argentum S.A.	376,952	376,952	-	
4	Pan American Silver S.A.C. Mina Quiruvilca	420,678	441,060	(20,382)	(i)
5	Compañía Minera Raura S.A.	552,251	615,105	(62,854)	(i)
6	Empresa Minera Los Quenuales S.A.	-	-	-	(ii)
7	Perubar S.A.	243,262	243,262	-	
8	Minera Bateas S.A.C.	-	-	-	(ii)
9	Minera Yanacocha S.R.L.	93,255	93,255	-	
10	Minsur S.A.	11,478,610	11,478,610	-	
11	Southern Perú Copper Corporation, Sucursal del Perú	44,139,869	44,721,253	(581,384)	(i)
	Compañías Agregadas (iii)	4,680,855	5,003,129	(322,274)	(i)
	TOTAL	63,077,680	64,120,194	(1,042,514)	

NOTES

(i) Final difference due to 10% payment of fines for late payment of the mining royalty in some months.

(ii) No information provided because the company was not operating on such date.

(iii) Detail of aggregate companies:

- Compañía de Minas Buenaventura S.A.A.
- Compañía Minera Milpo S.A.A.
- Minera Pampa de Cobre S.A.
- Sociedad Minera El Brocal S.A.A.

Year 2005

Nro.	Compañía	2005 (S/.)			Ref.
		Compañía	SUNAT / MEF	Diferencia	
1	Inversiones Mineras Del Sur S.A.	1,845,523	1,871,832	(26,309)	(i)
2	Cedimin S.A.C.	460,233	466,970	(6,737)	(i)
3	Compañía Minera Argentum S.A.	1,177,073	1,218,427	(41,354)	(i)
4	Pan American Silver S.A.C. Mina Quiruvilca	701,476	706,940	(5,464)	(i)
5	Compañía Minera Raura S.A.	1,204,572	1,217,350	(12,778)	(i)
6	Empresa Minera Los Quenuales S.A.	-	-	-	(ii)
7	Perubar S.A.	884,263	884,263	-	
8	Minera Bateas S.A.C.	-	-	-	(ii)
9	Minera Yanacocha S.R.L.	181,251	181,251	-	
10	Minsur S.A.	21,781,600	21,781,600	-	
11	Southern Perú Copper Corporation, Sucursal del Perú	133,408,515	133,665,052	(256,537)	(i)
	Compañías Agregadas (iii)	11,919,758	11,982,833	(63,075)	(i)
	TOTAL	173,564,264	173,976,518	(412,254)	

NOTES

(i) Final difference for 10% payment of fines for late payment of the mining royalty in some months.

(ii) No information provided because the company was not operating on such date.

(iii) Detail of aggregate companies:

- Compañía de Minas Buenaventura S.A.A.
- Compañía Minera Milpo S.A.A.
- Minera Pampa de Cobre S.A.
- Sociedad Minera El Brocal S.A.A.

Year 2006

Nro.	Compañía	2006 (S/.)			Ref.
		Compañía	SUNAT / MEF	Diferencia	
1	Inversiones Mineras Del Sur S.A.	2,800,428	2,800,428	-	(i)
2	Cedimin S.A.C.	551,379	551,379	-	
3	Compañía Minera Argentum S.A.	3,492,421	3,492,421	-	
4	Pan American Silver S.A.C. Mina Quiruvilca	5,742,658	5,742,658	-	
5	Compañía Minera Raura S.A.	3,320,959	3,320,959	-	
6	Empresa Minera Los Quenuales S.A.	-	-	-	
7	Perubar S.A.	1,639,634	1,639,634	-	
8	Minera Bateas S.A.C.	90,134	90,134	-	
9	Minera Yanacocha S.R.L.	169,650	169,650	-	
10	Minsur S.A.	24,861,979	24,861,979	-	
11	Southern Perú Copper Corporation, Sucursal del Perú	218,723,531	218,723,531	-	
	Compañías Agregadas (ii)	34,053,041	34,053,041	-	
	TOTAL	295,445,814	295,445,814	-	

NOTES

(i) No information provided because the company was not operating on such date.

(ii) Detail of aggregate companies:

- Compañía de Minas Buenaventura S.A.A.
- Compañía Minera Milpo S.A.A.
- Minera Pampa de Cobre S.A.
- Sociedad Minera El Brocal S.A.A.

Year 2007

Nro.	Compañía	2007 (S/.)			Ref.
		Compañía	SUNAT / MEF	Diferencia	
1	Inversiones Mineras Del Sur S.A.	-	155,521	(155,521)	(i)
2	Cedimin S.A.C.	695,114	695,114	-	
3	Compañía Minera Argentum S.A.	2,889,401	2,889,401	-	
4	Pan American Silver S.A.C. Mina Quiruvilca	4,638,314	4,638,314	-	
5	Compañía Minera Raura S.A.	3,923,082	3,923,082	-	
6	Empresa Minera Los Quenuales S.A.	30,399,028	30,399,028	-	
7	Perubar S.A.	1,386,928	1,386,928	-	
8	Minera Bateas S.A.C.	896,276	896,276	-	
9	Minera Yanacocha S.R.L.	158,662	158,662	-	
10	Minsur S.A.	41,474,204	41,474,204	-	
11	Southern Perú Copper Corporation, Sucursal del Perú	196,009,606	196,009,606	-	
	Compañías Agregadas (ii)	56,889,556	56,889,556	-	
	TOTAL	339,360,171	339,515,692	(155,521)	

NOTES

- (i) Amount pertaining to payment for mining royalties made on January according to figures provided by SUNAT. In 2007 the company merged with Compañía de Minas Buenaventura S.A.A., which is why it provided no information for that year.
- (ii) Detail of aggregate companies:
- Compañía de Minas Buenaventura S.A.A.
 - Compañía Minera Milpo S.A.A.
 - Minera Pampa de Cobre S.A.
 - Sociedad Minera El Brocal S.A.A.

VI.3 Hydrocarbon Royalties

Of the 9 companies of the hydrocarbon sector included in the study, 8 have reported extraction activity during the 2004, 2005, 2006 and 2007 periods. The company that has not reported operations for that period is Perenco Perú Limited, Sucursal del Perú (currently in the prospecting stage).

Hydrocarbon royalties are collected in US dollars, for which reason the figures in this report are expressed in such currency.

Year 2004

No.	Company	Lot	2004			
			Perupetro	Company	Difference	Ref.
1	The Maple Gas Corporation del Perú	31B/31D	1.615.992	1.615.992	-	
2	Petrobras Energía Perú S.A.	X	34.441.681	34.441.681	-	
	Companies with aggregate information (iii)		180.811.574	180.811.574	-	
	Total		216.869.247	216.869.247	-	

Year 2005

No.	Company	Lot	2005			
			Perupetro	Company	Difference	Ref.
1	The Maple Gas Corporation del Perú	31B/31D	3.773.914	3.774.546	(632)	(i)
2	Petrobras Energía Perú S.A.	X	56.373.304	56.373.304	-	
	Companies with aggregate information (iii)		312.481.944	312.537.778	(55.834)	(i)(ii)
	Total		372.629.162	372.685.628	(56.466)	

Year 2006

No.	Company	Lot	2006			
			Perupetro	Company	Difference	Ref.
1	The Maple Gas Corporation del Perú	31B/31D	6,085,688	6,086,999	(1,310)	(i)
2	Petrobras Energía Perú S.A.	X	81,455,176	81,455,176	-	
	Companies with aggregate information (iii)		375,940,190	375,899,305	40,885	(i)(ii)
	Total		463,481,055	463,441,480	39,575	

NOTES

- (i) These differences are recognised in the distribution reports provided by Perupetro for this Study (royalty calculation report)
- (ii) Includes the amount of US\$ 40,892 of Pluspetrol Norte S.A. reported by the company by mistake in 2005 and corrected in 2006.
- (iii) Detail of aggregate companies:
 - Hunt Oil Company of Perú L.L.C.
 - Olympic Perú INC, Sucursal del Perú
 - Pluspetrol Norte S.A.
 - Pluspetrol Perú Corporation S.A.
 - Pluspetrol Camisea S.A.
 - Repsol Exploración Perú, Sucursal del Perú.

Año 2007

No.	Company	Lot	2007			
			Perupetro	Company	Difference	Ref.
1	The Maple Gas Corporation del Perú	31B/31D	5,466,772	5,466,772	-	
2	Petrobras Energía Perú S.A.	X	105,755,236	105,755,236	-	
	Companies with aggregate information (iii)		430,206,671	430,212,519	(5,849)	(i)
	Total		541,428,678	541,434,527	(5,849)	

NOTAS

- (i) These differences are recognised in the distribution reports provided by Perupetro for this Study (royalty calculation report)
- (ii) Includes the amount of US\$ 40,892 of Pluspetrol Norte S.A. reported by the company by mistake in 2005 and corrected in 2006.
- (iii) Detail of aggregate companies:
 - Hunt Oil Company of Perú L.L.C.
 - Olympic Perú INC, Sucursal del Perú
 - Pluspetrol Norte S.A.
 - Pluspetrol Perú Corporation S.A.
 - Pluspetrol Camisea S.A.
 - Repsol Exploración Perú, Sucursal del Perú.

VI.4 Property Fee

INGEMMET submitted information pertaining to property fees for all companies of the mining sector participating in this Study (for Anglo American Michiquillay S.A., INGEMMET has reported that it has no records in this company's name, however, the company has provided supporting information for its reported mining claims).

For the purposes of this Study, payments reported by companies for claims not registered to the name of such companies in INGEMMET have been excluded.

The information is provided in US dollars, as reported by INGEMMET. It should be noted that some companies provided information in nuevos soles, the figures of which were converted to US dollars for comparison purposes. Conversion was made at the official average exchange rates published by the Banking and Insurance Superintendence (SBS) for the dates of origin of the transactions.

It should also be noted that neither Compañía Minera Argentum S.A. nor Pan American Silver S.A.C. provided the mining claims detail requested for reconciliation purposes.

Year 2004

No.	Company	2004 (USD \$)				Ref.
		Company	INGEMMET	Difference		
1	Inversiones Mineras del Sur S.A.	234.039	159.443	74.596		(i)
2	Cedimin S.A.C.	385.281	173.522	211.759		(i)
3	Compañía Minera Antamina S.A.	38.764	38.764	-	-	
4	Compañía Minera Argentum S.A.	22.737	20.158	2.579		(i)
5	Pan American Silver S.A.C. Mina Quiruvilca	37.381	8.434	28.947		(i)
6	Compañía Minera Raura S.A.	43.419	43.719		(300)	(i)
7	Empresa Minera Los Quenuales S.A.	32.375	170.010		(137.634)	(i)
8	Perubar S.A.	3.708	-	3.708		(ii)
9	Minera Bateas S.A.C.	-	-	-	-	
10	Minera Yanacocha S.R.L.	337.634	329.814	7.820		(i)
11	Minsur S.A.	86.915	244.161		(157.247)	(i)
12	Southern Perú Copper Corporation, Sucursal del Perú	391.600	530.895		(139.295)	(i)
13	Xstrata Tintaya S.A.	251.882	440.808		(188.926)	(i)
14	Anglo American Michiquillay S.A.	-	-	-	-	
15	Anglo American Quellaveco S.A.	94.365	98.065		(3.700)	(i)
16	Anglo American Exploration S.A.	60.907	82.830		(21.923)	(i)
17	Río Tinto Minera Perú Limitada S.A.C.	-	-	-		
18	Río Tinto Mining and Exploración S.A.C	19.500	402.792		(383.292)	(i)
	Companies with aggregate information	1.435.705	1.558.729		(123.023)	(i)
	TOTAL	3.476.212	4.302.143	329.410	(1.155.341)	

NOTES

- (i) Final differences originated mainly by:
 - Payments reported by INGEMMET for claims on behalf of the companies, which were not reported by the companies.
 - Exchange differences for payments reported by companies in nuevos soles, which were converted to dollars at the average exchange rate for the applicable year
 - Differences in the amount of payments for claims reported by the companies and by INGEMMET.
- (ii) INGEMMET has the register of Perubar S.A. under the name Empresa Minera Los Quenuales S.A.
- (iii) Detail of aggregate companies:
 - Compañía de Minas Buenaventura S.A.A.

- Compañía Minera Milpo S.A.A.
- Minera Pampa de Cobre S.A.
- Sociedad Minera Cerro Verde S.A.A.
- Minera Barrick Misquichilca S.A.
- Sociedad Minera El Brocal S.A.A.

Year 2005

No.	Company	2005 (USD \$)				Ref.
		Company	INGEMMET	Difference		
1	Inversiones Mineras del Sur S.A.	285,096	227,944	57,152		(i)
2	Cedimin S.A.C.	204,792	145,441	59,351		(i)
3	Compañía Minera Antamina S.A.	38,764	38,764	-	-	
4	Compañía Minera Argentum S.A.	34,779	29,689	5,091		(i)
5	Pan American Silver S.A.C. Mina Quiruvilca	-	-	-	-	
6	Compañía Minera Raura S.A.	43,419	43,719		(300)	(i)
7	Empresa Minera Los Quenuales S.A.	76,607	193,909		(117,302)	(i)
8	Perubar S.A.	3,708	-	3,708		(ii)
9	Minera Bateas S.A.C.	23,655	23,655	-	-	
10	Minera Yanacocha S.R.L.	694,685	691,043	3,641		(i)
11	Minsur S.A.	241,200	367,794		(126,594)	(i)
12	Southern Perú Copper Corporation, Sucursal del Perú	479,561	519,510		(39,949)	(i)
13	Xstrata Tintaya S.A.	251,882	381,182		(129,300)	(i)
14	Anglo American Michiquillay S.A.	-	-	-	-	
15	Anglo American Quellaveco S.A.	143,382	147,322		(3,940)	(i)
16	Anglo American Exploration S.A.	83,953	112,172		(28,220)	(i)
17	Río Tinto Minera Perú Limitada S.A.C.	-	-	-	-	
18	Río Tinto Mining and Exploración S.A.C	49,800	326,368		(276,568)	(i)
	Companies with aggregate information	1,074,105	1,659,683		(585,579)	(i)
	TOTAL	3,729,387	4,908,196	128,943	(1,307,752)	

NOTES

- (i) Final differences originated mainly by:
- Payments reported by INGEMMET for claims on behalf of the companies, which were not reported by the companies.
 - Exchange differences for payments reported by companies in nuevos soles, which were converted to dollars at the average exchange rate for the applicable year
 - Differences in the amount of payments for claims reported by the companies and by INGEMMET.
- (ii) INGEMMET has the register of Perubar S.A. under the name Empresa Minera Los Quenuales S.A.
- (iii) Detail of aggregate companies:
- Compañía de Minas Buenaventura S.A.A.
 - Compañía Minera Milpo S.A.A.
 - Minera Pampa de Cobre S.A.
 - Sociedad Minera Cerro Verde S.A.A.
 - Minera Barrick Misquichilca S.A.
 - Sociedad Minera El Brocal S.A.A.

Year 2006

No.	Company	2006 (USD \$)				
		Company	INGEMMET	Difference		Ref.
1	Inversiones Mineras del Sur S.A.	462.257	174.918	287.339		(i)
2	Cedimin S.A.C.	295.840	174.412	121.428		(i)
3	Compañía Minera Antamina S.A.	163.864	163.864	-		(i)
4	Compañía Minera Argentum S.A.	45.845	32.326	13.519		(i)
5	Pan American Silver S.A.C. Mina Quiruvilca	-	24.888		(24.888)	(i)
6	Compañía Minera Raura S.A.	43.419	52.113		(8.694)	(i)
7	Empresa Minera Los Quenuales S.A.	183.236	224.826		(41.590)	(i)
8	Perubar S.A.	3.708	-	3.708		(ii)
9	Minera Bateas S.A.C.	26.054	27.254		(1.200)	(i)
10	Minera Yanacocha S.R.L.	572.312	738.239		(165.927)	(i)
11	Minsur S.A.	299.128	341.778		(42.649)	(i)
12	Southern Perú Copper Corporation, Sucursal del Perú	433.322	532.161		(98.839)	(i)
13	Xstrata Tintaya S.A.	251.882	371.150		(119.268)	(i)
14	Anglo American Michiquillay S.A.	12.154	-	12.154		(i)
15	Anglo American Quellaveco S.A.	168.385	172.582		(4.196)	(i)
16	Anglo American Exploration S.A.	99.196	154.336		(55.139)	(i)
17	Río Tinto Minera Perú Limitada S.A.C.	11.700	19.950		(8.250)	(i)
18	Río Tinto Mining and Exploración S.A.C	217.032	334.939		(117.907)	(i)
	Companies with aggregate information	2.011.598	1.903.112	108.487		(i)
	TOTAL	5.300.934	5.442.847	546.635	(688.548)	

NOTES

- (i) Final differences originated mainly by:
- Payments reported by INGEMMET for claims on behalf of the companies, which were not reported by the companies.
 - Exchange differences for payments reported by companies in nuevos soles, which were converted to dollars at the average exchange rate for the applicable year
 - Differences in the amount of payments for claims reported by the companies and by INGEMMET.
- (ii) INGEMMET has the register of Perubar S.A. under the name Empresa Minera Los Quenuales S.A.
- (iii) Detail of aggregate companies:
- Compañía de Minas Buenaventura S.A.A.
 - Compañía Minera Milpo S.A.A.
 - Minera Pampa de Cobre S.A.
 - Sociedad Minera Cerro Verde S.A.A.
 - Minera Barrick Misquichilca S.A.
 - Sociedad Minera El Brocal S.A.A.

Year 2007

No.	Company	2007 (USD \$)			Ref.
		Company	INGEMMET	Difference	
1	Inversiones Mineras del Sur S.A.	-	146.195	(146.195)	(i)
2	Cedimin S.A.C.	273.655	115.641	158.014	(i)
3	Compañía Minera Antamina S.A.	163.864	163.864	-	
4	Compañía Minera Argentum S.A.	151.052	32.135	118.917	(i)
5	Pan American Silver S.A.C. Mina Quiruvilca	679.586	37.444	642.142	(i)
6	Compañía Minera Raura S.A.	43.419	43.713	(294)	(i)
7	Empresa Minera Los Quenuales S.A.	199.901	263.470	(63.570)	(i)
8	Perubar S.A.	5.562	-	5.562	(ii)
9	Minera Bateas S.A.C.	26.054	31.757	(5.703)	
10	Minera Yanacocha S.R.L.	766.292	828.201	(61.909)	(i)
11	Minsur S.A.	296.645	350.124	(53.479)	(i)
12	Southern Perú Copper Corporation, Sucursal del Perú	398.781	697.163	(298.382)	(i)
13	Xstrata Tintaya S.A.	251.201	251.880	(679)	(i)
14	Anglo American Michiquillay S.A.	12.154	-	12.154	
15	Anglo American Quellaveco S.A.	192.383	194.894	(2.511)	(i)
16	Anglo American Exploration S.A.	97.294	152.356	(55.062)	(i)
17	Río Tinto Minera Perú Limitada S.A.C.	17.100	17.100	-	
18	Río Tinto Mining and Exploración S.A.C	345.666	421.014	(75.348)	(i)
	Companies with aggregate information	2.594.166	2.449.858	144.308	(i)
	TOTAL	6.514.778	6.196.811	1.081.098	(763.131)

NOTES

- (i) Final differences originated mainly by:
- Payments reported by INGEMMET for claims on behalf of the companies, which were not reported by the companies.
 - Exchange differences for payments reported by companies in nuevos soles, which were converted to dollars at the average exchange rate for the applicable year
 - Differences in the amount of payments for claims reported by the companies and by INGEMMET.
- (ii) INGEMMET has the register of Perubar S.A. under the name Empresa Minera Los Quenuales S.A.
- (iii) Detail of aggregate companies:
- Compañía de Minas Buenaventura S.A.A.
 - Compañía Minera Milpo S.A.A.
 - Minera Pampa de Cobre S.A.
 - Sociedad Minera Cerro Verde S.A.A.
 - Minera Barrick Misquichilca S.A.
 - Sociedad Minera El Brocal S.A.A.

VII. Detail of Results of the Distribution Reconciliation Study

VII.1. Mining Canon

To verify distribution of the mining canon, the following has been recalculated: i) the mining canon amount resulting from accrued income tax reported by companies adhering to the initiative, ii) distribution of the amount resulting from the mining canon by mining company methodology described in Section IV. 1 sub-paragraph 2.2 of this report.

Such recalculation has been performed to show the departments that have benefited from the mining canon for income tax reported by companies adhering to the Study, due to the following:

- Official information on distribution of the mining canon provided by the Presidency of the Cabinet of Ministers is prepared in aggregate form and/or itemizing data for each mining company in the country.
- This Study does not involve all mining companies in operation, but rather the companies adhering to the EITI initiative, which, in most cases, are the most representative of every mineral that they extract, as shown in Section II, sub-paragraph 2.1 of this report.

Therefore, it has not been possible to reconcile the mining canon amounts distributed that were determined in this Study based on the information of the companies adhering to the EITI initiative for local governments of the departments and the regional governments, and the amounts officially reported for such mining canon, which include all mining companies in the country.

Therefore, in consistency with the purpose of the EITI Working Committee, which seeks to establish whether the revenues from the extraction of natural resources by extractive industries translate into income for the localities in which such natural resources are extracted, this verification of the mining canon distribution has compared the amounts to be distributed, as determined based on available information and as provided in the Canon Law to the official amounts transferred for mining canon, which official amounts should be higher because they include income tax revenues collected from all mining companies in the country.

Official figures of mining canon amounts transferred were obtained from transfer letters sent by PCM to DGTP – MEF. It should be noted that for comparison purposes we have determined as officially distributed amount the aggregate monthly amounts reported in the aforementioned letters, based on the period in which such amounts originated and not the period in which they were actually distributed.

Below we provide the result of recalculating the mining canon distribution for each year, in nuevos soles, for each of the regions in which the mining units of the mining companies adhering to the Study are located, as well as the comparison of such results to the official figures for mining canon amounts transferred to each region.

Mining Canon Distribution

Year 2004

Figures determined for the Reconciliation Study		
	Local Governments of the Department	Regional Governments
Mining Canon Beneficiary Departments	75% (1)	25%
Ancash	32,589,877	10,863,292
Arequipa	43,673,509	14,557,836
Cajamarca	232,163,874	77,387,958
Cusco	23,896,417	7,965,472
Huancavelica	3,721,520	1,240,507
Junín	1,832,445	610,815
Lima	2,237,652	745,884
Moquegua	169,177,139	56,392,380
Pasco	6,329,185	2,109,728
Puno	93,913,974	31,304,658
Tacna	165,247,588	55,082,529
	774,783,180	258,261,060

Official Figures - PCM	
Local Governments of the Department	Regional Governments
75% (1)	25%
34,865,022	11,621,674
59,889,383	19,950,168
235,457,277	78,485,752
23,896,417	7,965,472
4,062,688	1,354,229
6,576,687	2,182,069
16,187,190	3,667,962
172,003,682	57,474,612
22,619,723	7,472,812
99,239,816	32,939,888
165,250,823	55,083,608
840,048,707	278,198,246

Consistency of Income Tax Collection - Mining Canon Distribution		
Income Tax Collection		
	Income Tax collected according to SUNAT	Canon (50% of collected revenues)
Total collected in S/.	1,187,934,577	593,967,289
Total collected in US\$	334,016,189	167,008,095
Total collected expressed in S/. (2)	2,066,088,480	1,033,044,240
Mining Canon Distribution		
Total distribution local governments of the departments S/.		774,783,180
Total distribution Regional Governments S/.		258,261,060
Total distribution in S/.		1,033,044,240

Year 2005

Figures determined for the Reconciliation Study		
	Local Governments of the Department	Regional Governments
Mining Canon Beneficiary Departments	75% (1)	25%
Ancash	416,862,881	138,954,294
Arequipa	31,809,143	10,603,048
Cajamarca	286,219,505	95,406,502
Cusco	69,377,586	23,125,862
Huancavelica	3,659,080	1,219,693
Huánuco	1,167,856	389,285
Junín	3,639,872	1,213,291
La Libertad	42,271,152	14,090,384
Lima	18,457,786	6,152,595
Moquegua	218,115,132	72,705,044
Pasco	23,042,989	7,680,996
Puno	74,672,853	24,890,951
Tacna	294,068,717	98,022,906
	1,483,364,552	494,454,851

Official Figures - PCM	
Local Governments of the Department	Regional Governments
75% (1)	25%
423,464,657	141,154,886
48,696,644	16,221,392
288,800,404	96,266,794
69,377,586	23,125,862
4,644,837	1,548,279
1,168,934	389,645
8,551,235	2,850,412
60,031,380	20,010,460
37,979,034	11,208,564
224,764,715	75,195,343
46,031,298	15,228,066
80,458,267	26,545,651
294,074,936	98,024,979
1,588,043,925	527,770,332

Consistency of Income Tax Collection - Mining Canon Distribution		
Income Tax Collection		
	Impuesto a la Renta recaudado según SUNAT	Canon (50% recaudación)
Total collected S/.	1,710,694,226	846,608,373
Total collected US\$	731,915,491	365,957,746
Total collected expressed in S/. (2)	3,955,638,806	1,977,819,403
Mining Canon Distribution		
Total distribution Local Governments of the departamentos S/.		1,483,364,552
Total distribution to Regional Governments S/.		494,454,851
Total distribution in S/.		1,977,819,403

(1) Includes 10% allocated to the district municipality, plus 25% allocated to provincial municipalities, plus 40% allocated to departmental municipalities,

(2) The average exchange rate for the year has been used to convert into domestic currency the amounts received in US dollars.

Year 2006

Figures determined for the Recociliation Study		
	Local Governments of the Department	Regional Governments
Mining Canon Beneficiary Departments	75% (1)	25%
Ancash	1,017,126,608	339,042,203
Arequipa	70,731,777	23,577,259
Cajamarca	314,895,268	104,965,089
Cusco	175,756,206	58,585,402
Huancavelica	8,526,514	2,842,171
Huánuco	7,365,592	2,455,197
Junín	14,750,589	4,916,863
La Libertad	147,349,765	49,116,588
Lima	89,087,952	29,695,984
Moquegua	254,001,523	84,667,174
Pasco	110,101,382	36,700,461
Puno	71,500,683	23,833,561
Tacna	457,387,927	152,462,642
	2,738,581,787	912,860,596

Official Figures - PCM	
Gobiernos locales del departamento	Gobiernos Regionales
75% (1)	25%
1,044,819,160	348,273,054
97,876,227	32,604,276
318,876,224	106,292,070
175,756,442	58,585,481
26,658,382	8,679,936
7,365,696	2,455,232
79,467,787	26,489,262
187,535,685	62,511,895
134,428,918	41,410,253
271,674,705	90,558,235
246,603,467	83,358,077
74,797,547	24,932,516
457,405,932	152,468,644
3,123,266,170	1,038,618,930

Consistency of Income Tax Collection - Mining Canon Distribution		
Income Tax Collection		
	Income Tax collected according to SUNAT	Canon (50% of collected revenues)
Total Collection S/.	2,745,343,988	1,372,671,994
Total Collection US\$	1,392,040,555	696,020,278
Total Collection expressed in S/. (2)	7,302,884,765	3,651,442,383
Mining Canon Distribution		
Total distribution local governments of the departments S/.		2,738,581,787
Total distribution to Regional Governments S/.		912,860,596
Total distribution in S/.		3,651,442,383

(1) Includes 10% allocated to the district municipality, plus 25% allocated to provincial municipalities, plus 40% allocated to departmental municipalities.

(2) The average exchange rate for the year has been used to convert into domestic currency the amounts received in US dollars.

Year 2007

Figures Determined for the Reconciliation Study		
Mining Canon Beneficiary Departments	Local Governments of the Department	Regional Governments
	75% (1)	25%
Ancash	965,557,415	321,852,472
Arequipa	305,913,264	101,971,088
Cajamarca	132,846,725	44,282,242
Cusco	181,804,845	60,601,615
Huánuco	5,768,446	1,922,815
Ica	9,105,620	3,035,207
Junín	9,769,130	3,256,377
La Libertad	155,656,112	51,885,371
Lima	85,561,060	28,520,353
Moquegua	143,497,167	47,832,389
Pasco	101,159,860	33,719,953
Puno	120,972,899	40,324,300
Tacna	533,657,285	177,885,762
	2,751,269,828	917,089,943

Official Figures - PCM	
Local Governments of the Department	Regional Governments
75% (1)	25%
989,622,229	329,874,076
343,162,309	114,365,105
137,511,426	45,837,207
181,804,845	60,601,615
5,796,433	1,932,144
51,489,106	17,163,035
92,422,407	30,807,469
198,599,489	66,199,758
128,928,324	41,606,664
158,474,010	52,961,184
281,872,473	95,326,935
129,479,052	43,023,170
533,697,307	177,899,102
3,232,859,409	1,077,597,465

Consistency of Income Tax Collection - Mining Canon Distribution		
Income Tax Collection		
	Income Tax collected according to SUNAT	Canon (50% of collected revenues)
Total collected S/.	2,717,938,963	1,358,969,482
Total collected US\$	1,476,120,351	738,060,176
Total collected expressed in S/. (2)	7,336,719,541	3,668,359,771
Distribución del Canon Minero		
Total distribution local governments of the departments S/.		2,751,269,828
Total distribution to Regional Governments S/.		917,089,943
Total distribution in S/.		3,668,359,771

(1) Includes 10% allocated to the district municipality, plus 25% allocated to provincial municipalities, plus 40% allocated to departmental municipalities.

(2) The average exchange rate for the year has been used to convert into domestic currency the amounts received in US dollars.

VII.2. Mining Royalty

To verify distribution of the mining royalty, distribution of the amount paid for mining royalty has been recalculated using the methodology described in Section IV. 1 sub-paragraph 2.2 of this report.

Such recalculation has been performed to show the departments that have benefited from the mining royalty from the companies adhering to the Study, due to the following:

- Official information on distribution of the mining royalty provided by the Presidency of the Cabinet of Ministers is prepared in aggregate form and not itemizing data for each mining company in the country.
- This Study does not involve all mining companies in operation, but rather the companies adhering to the EITI initiative, which, in most cases, are the most representative of every mineral that they extract, as shown in Section II, sub-paragraph 2.1 of this report.

Therefore, it has not been possible to reconcile the mining royalty amounts distributed by department based on the information of the companies adhering to the EITI initiative for local governments of the departments and the regional governments, and the amounts officially reported for such mining royalties, which include all mining companies in the country.

Therefore, in consistency with the purpose of the EITI Working Committee, which seeks to establish whether the resources from extraction of natural resources by extractive industries translate into income for the localities in which such natural resources are extracted, this verification of the mining royalty distribution has compared the amounts to be distributed, as determined based on available information and as provided in the Mining Royalty Law, to the official amounts transferred for mining royalty, which official amounts should be higher because these include revenue from income tax from all mining companies required to pay royalties in Peru.

Official figures of mining royalty amounts transferred were obtained from transfer letters sent by PCM to DGTP – MEF. It should be noted that for comparison purposes we have determined as the officially distributed amount the aggregate monthly amounts reported in the aforementioned letters, taking into account the period in which PCM communicated to the Public Treasury the amounts to be distributed for the Public Treasury to make the transfers to the beneficiary localities and not the period in which such royalties were collected.

Below we provide the result of recalculating the mining royalty distribution for each year, in nuevos soles, for each of the regions in which the mining units of the mining companies adhering to the Study are located, as well as the comparison of such results to the official figures for mining royalty funds transferred to each region

It should be noted that the mining royalty payment obligation entered in force in June 2004, but for administrative reasons reporting and payment thereof started in the year 2005.

Furthermore, and because distribution of mining royalties is made in terms of the monthly amounts collected, regardless of the period in which such royalties were generated, the following tables provide the recalculation of mining royalty distribution as of the date of distribution thereof.

On the other hand, given the fact that mining royalty collection reconciling was based on the years when such royalties were generated, and this reconciliation of distribution has been based on the years in which PCM communicated to the Public Treasury the amounts to be distributed for the Public Treasury

to make the transfers to the beneficiary localities, the tables below provide a comparison between the amounts shown in the reconciliation of mining royalty collection and the amounts shown in the reconciliation of the distribution thereof.

Mining royalty collection according to MEF / SUNAT	
Years when mining royalties were generated	S/.
Year 2004	64,120,194
Year 2005	173,976,518
Year 2006	295,445,814
Year 2007	339,515,692
	<u>873,058,218</u>
Mining royalty distribution according to MEF	
Mining royalty distribution by year of distribution	S/.
Year 2005	173,217,646
Year 2006	268,331,739
Year 2007	331,299,414
	<u>772,848,799</u>
Differences between collection and distribution	
	S/.
Differences between collection and distribution	(100,209,419)
Mining royalties from years 2004, 2005, 2006 and 2007 paid in 2008 (i)	94,069,093
Collection information provided by SUNAT not included in MEF information (ii)	6,199,035
Difference in mining royalty amounts collected according to SUNAT and royalty amounts according to MEF (iii)	<u>(58,709)</u>
Total explanation of differences	<u>100,209,419</u>
Final difference between collection and distribution	-

- (i) Amounts obtained from information on mining royalties paid in the year 2008 provided by MEF.
- (ii) Mining royalty amounts collected provided by SUNAT, not included in the information on mining royalties paid provided by MEF.
- (iii) Amounts resulting from comparing mining royalty amounts paid by the companies according to SUNAT and mining royalty amounts paid provided by MEF.

Mining royalty distribution

Year 2005 (pertaining to mining royalty distribution for years 2004 and 2005 and distributed during the year 2005)

Figures determined for the Reconciliation Study				Official Figures - PCM		
Mining Royalty Beneficiary Departments	Local Governments of the Department (1)	Regional Governments	Regional Universities	Local Governments of the Department	Regional Governments	Regional Universities (2)
	80%	15%	5%	80%	15%	5%
Arequipa	4,793,711	898,821	299,607	6,952,809	1,303,652	434,550.53
Huancavelica	1,908,772	357,895	119,298	2,509,718	470,572	156,857.35
Huánuco	977,263	183,237	61,079	1,250,218	234,416	78,138.65
Junín	150,689	28,254	9,418	5,344,491	1,002,092	334,030.66
La Libertad	86,140	16,151	5,384	9,609,109	1,801,708	600,569.34
Lima	2,409,728	451,824	150,608	6,946,410	1,242,814	431,011.80
Moquegua	52,381,092	9,821,455	3,273,818	64,903,493	13,330,034	4,117,554.07
Pasco	3,382,715	634,259	211,420	12,950,525	2,428,223	809,407.79
Puno	21,187,814	3,972,715	1,324,238	26,208,818	4,914,153	1,638,051.11
Tacna	51,296,193	9,618,036	3,206,012	62,041,254	11,632,735	3,877,578.39
	138,574,117	25,982,647	8,660,882	198,716,845	38,360,399	12,477,749.70

(1) Includes 20% allocated to the district municipality, plus 20% allocated to provincial municipalities, plus 40% allocated to departmental municipalities.

(2) Amount calculated on a pro-rata basis, based on the official mounts provided by PCM and shown in previous columns.

Mining royalty distribution

Year 2006 (pertaining to mining royalty distribution for years 2004, 2005 and 2006 and distributed during the year 2006)

Figures Determined for the Reconciliation Study				Official Figures - PCM	
Mining Royalty Beneficiary Departments	Local Governments of the Department (1)	Regional Governments	Regional Universities	Local Governments of the Department	Regional Governments
	80%	15%	5%	80%	15%
Arequipa	6,016,575	1,128,108	376,036	9,742,942	1,826,802
Cajamarca	306,240	57,420	19,140	615,017	115,316
Huancavelica	2,812,041	527,258	175,753	3,807,151	713,841
Huánuco	1,834,638	343,995	114,665	2,364,595	443,362
Junín	2,241,804	420,338	140,113	29,324,874	5,498,414
La Libertad	2,029,304	380,494	126,831	13,862,307	2,599,183
Lima	3,194,913	599,046	199,682	15,010,826	2,667,291
Moquegua	82,306,601	15,432,488	5,144,163	87,285,835	16,366,094
Pasco	10,814,780	2,027,771	675,924	51,188,340	9,597,814
Puno	19,254,979	3,610,309	1,203,436	22,416,275	4,203,052
Tacna	83,853,516	15,722,534	5,240,845	91,344,307	17,127,057
	214,665,391	40,249,761	13,416,587	326,962,469	61,158,225

(1) Includes 20% allocated to the district municipality, plus 20% allocated to provincial municipalities, plus 40% allocated to departmental municipalities.

(2) Amount calculated on a pro-rata basis, based on the official mounts provided by PCM and shown in previous columns.

Mining royalty distribution

Year 2007 (pertaining to mining royalty distribution for years 2006 and 2007 and distributed during the year 2007)

Figures Determined for the Reconciliation Study				Official Figures - PCM		
Mining Royalty Beneficiary Departments	Local Governments of the Department (1)	Regional Governments	Regional Universities	Local Governments of the Department	Regional Governments	Regional Universities (2)
	80%	15%	5%	80%	15%	5%
Arequipa	8,888,545	1,666,602	555,534	12,760,387	2,392,573	797,524
Cajamarca	77,610	14,552	4,851	193,476	36,277	12,092
Huancavelica	3,945,721	739,823	246,608	6,742,889	1,264,292	421,431
Huánuco	2,927,481	548,903	182,968	2,929,418	549,266	183,089
Ica	307,476	57,652	19,217	6,673,039	1,251,195	417,065
Junín	2,763,969	518,244	172,748	34,706,561	6,507,480	2,169,160
La Libertad	1,632,820	306,154	102,051	14,780,508	2,771,345	923,782
Lima	25,209,474	4,726,776	1,575,592	37,958,039	6,974,257	2,364,858
Moquegua	77,457,481	14,523,278	4,841,093	80,264,093	15,049,517	5,016,506
Pasco	24,038,268	4,507,175	1,502,392	77,796,128	14,586,774	4,862,258
Puno	28,407,807	5,326,464	1,775,488	30,892,906	5,792,420	1,930,807
Tacna	89,382,880	16,759,290	5,586,430	89,382,880	16,759,290	5,586,430
	265,039,531	49,694,912	16,564,971	395,080,324	73,934,686	24,685,001

(1) Includes 20% allocated to the district municipality, plus 20% allocated to provincial municipalities, plus 40% allocated to departmental municipalities.

(2) Amount calculated on a pro-rata basis, based on the official mounts provided by PCM and shown in previous columns.

VII.3 Oil Canon and Additional Canon

Perupetro calculates oil company royalties on a bi-weekly basis. Furthermore, Perupetro calculates the canon and additional canon to be distributed to beneficiary departments (Tumbes, Piura, Loreto, Ucayali and Huánuco) on a monthly basis. Canon and additional canon amounts calculated by Perupetro are submitted monthly to the Decentralisation Secretariat of PCM, which distributes such amounts to local governments (district and provincial municipalities) and regional governments, in aggregate form, not itemizing the canon and/or the additional canon contributed by each company. The information provided by PERUPETRO, however, allows identifying the amounts distributed by company, but only on a departmental level.

Accordingly, to show the canon and additional canon from the royalties paid by each company adhering to the Study, we have performed the following.

- i) Recalculation of the oil canon and additional canon by Ernst & Young.
- ii) Comparison of the information included in the bi-weekly and monthly reports provided by Perupetro, by company and by department, with the results of aforementioned calculations by EY.
- iii) Comparison of the results in ii) above with the PCM distribution report, verifying that the figures in this report are higher because the companies adhering to this Study do not make up 100% of the oil companies in Peru (except in Puerto Inca, where Maple Gas Corporation del Perú S.R.L. is the only company, and participates in this Study).
- iv) Lastly, we have examined the total information reported monthly by Perupetro to PCM against the information that PCM reports to DGTP - MEF for purposes of making the respective transfers.

No differences were found as a result of the above.

It should be noted that the information handled by Perupetro is expressed in US dollars and converted to nuevos soles at the exchange rate applicable for each month at the time of being reported to PCM.

General Reconciliation Table

The table where the royalties received with the royalties received by Perupetro are reconciled is provided below.

Company	Currency	Lot	Royalty according to Revenue Reconciliation	Royalty according to Perupetro Distribution	Adjustments (i)
Maple Gas Corporation del Perú S.R.L.	US\$	31B	13,301,313	13,300,809	504
Maple Gas Corporation del Perú S.R.L.	US\$	31D	3,641,054	3,662,273	(21,220)
Petrobras Energía Perú S.A.	US\$	X	278,025,396	277,694,433	330,963
Total aggregate companies	US\$		806,837,243	803,685,332	3,151,911
TOTAL			1,101,805,006	1,098,342,847	3,462,158

The distribution made by Perupetro in connection with the oil royalties received by item detailed in the table is shown below. It should be noted that the distribution by items is not associated solely with rates on the royalty collected, but with independent calculations based on the royalty funds (as in the case of the canon) Monitoring expenses pertain to the amounts invoiced by the service provider. The share of public entities represent a percentage of the total royalty amount. The amount delivered to the Public Treasury results from the remainder of the royalty collected minus the aforementioned items.

Company	Lot	Monitoring Expenses (ii) US\$	Canon US\$	Share (US\$) (iii)			Public Treasury (US\$) (iv)	Royalty acc Perupetro D (US\$)
				Perupetro	MEM	OSINERG		
Maple Gas Corporation del Perú S.R.L.	31B	107,756	3,453,648	199,489	99,755	99,755	9,340,406	13,
Maple Gas Corporation del Perú S.R.L.	31D	91,790	860,715	54,934	27,467	27,467	2,599,900	3,
Petrobras Energía Perú S.A.	X	177,849	130,715,654	4,165,405	2,082,527	2,082,527	138,470,470	277,
Total aggregate companies (v)		851,162	316,779,321	12,045,164	6,027,583	6,027,582	461,954,520	803,
TOTAL		1,228,558	451,809,338	16,464,993	8,237,332	8,237,332	612,365,295	1,

Item	US\$
Canon according to Perupetro royalty distribution report	451,809,338
Canon according to recalculation based on the calculation of the canon and additional canon by Perupetro Perupetro	451,956,024
Difference (vi)	(146,686)

NOTES

- (i) Differences caused by adjustments made by Perupetro after the original payment date of the royalties.
- (ii) Pertains to monitoring expenses incurred by Perupetro to monitor company operations.
- (iii) Pertains to sharing the operating expenses of the entities referred to therein.
- (iv) Pertains to the amount received directly by the Public Treasury, which amount is under no specific distribution.
- (v) Aggregate companies:
 - Olympic Perú INC, Sucursal del Perú
 - Pluspetrol Norte S.A.
- (vi) Difference between the canon determined in Perupetro distribution reports and recalculation by Perupetro based on the productin value and ratios required by law. tomando como base el valor de producción y los porcentajes de ley. Generated by subsequent adjustments to the distribution reports of Perupetro.

The General Reconciliation Table opened by companies (disaggregated and in the aggregate) is provided below. The items, differences and explanations are the as those in the General Reconciliation Table.

Maple Gas Corporation del Perú S.R.L.

Lot	Year	Royalty according to Collection Reconciling	Royalty according to Perupetro Distribution	Adjustment
31B	2004	1.122.607	1.122.552	55
31B	2005	2.733.838	2.733.838	-
31B	2006	4.810.196	4.809.747	449
31B	2007	4.634.672	4.634.671	0
31B	TOTAL	13.301.313	13.300.809	504
31D	2004	493.385	493.273	112
31D	2005	1.040.076	1.040.076	-
31D	2006	1.275.493	1.277.309	(1.817)
31D	2007	832.100	851.616	(19.515)
31D	TOTAL	3.641.054	3.662.273	(21.220)

Lot	Year	Monitoring Expenses	Canon	Share			Public Treasury	Royalty according to Perupetro Distribution
				Perupetro	MEM	OSINERG		
31B	2004	14.849	417.254	16.815	8.418	8.418	656.798	1.122.552
31B	2005	28.659	736.704	41.008	20.504	20.504	1.886.460	2.733.838
31B	2006	28.951	1.131.256	72.146	36.073	36.073	3.505.247	4.809.747
31B	2007	35.297	1.168.433	69.520	34.760	34.760	3.291.901	4.634.671
31B	TOTAL	107.756	3.453.648	199.489	99.755	99.755	9.340.406	13.300.809
31D	2004	6.549	146.957	7.399	3.700	3.700	324.968	493.273
31D	2005	12.282	227.816	15.601	7.801	7.801	768.775	1.040.076
31D	2006	12.408	238.184	19.160	9.580	9.580	988.399	1.277.309
31D	2007	60.551	247.758	12.774	6.387	6.387	517.758	851.616
31D	TOTAL	91.790	860.715	54.934	27.467	27.467	2.599.900	3.662.273

The following table shows the canon determined for royalty distribution and the canon actually distributed, which are different due to minor adjustments to settle the balances of Perupetro, which are shown in the "Difference" column.

Lot	Year	Canon	Canon Distributed	Additional Canon Distributed	Total	Difference
			Loreto	Ucayali		
31B	2004	417,254	330,631	82,658	413,288	3,966
31B	2005	736,704	589,409	147,352	736,761	(57)
31B	2006	1,131,256	904,978	226,244	1,131,222	34
31B	2007	1,168,433	933,828	233,457	1,167,286	1,148
31B	TOTAL	3,453,648	2,758,846	689,711	3,448,557	5,091
Lot	Year	Canon	Canon Distributed	Additional Canon Distributed	Total	Difference
			Loreto	N/A		
31D	2004	146,957	152,730	0	152,730	(5,773)
31D	2005	227,816	227,609	0	227,609	208
31D	2006	238,184	238,278	0	238,278	(94)
31D	2007	247,758	246,351	0	246,351	1,407
31D	TOTAL	860,715	864,967	-	864,967	(4,252)

Petrobras Energía Perú S.A

Lot	Year	Royalty according to Revenue Collection Reconciliation	Royalty according to Perupetro Distribution	Adjustment
X	2004	34,441,681	34,266,131	175,550
X	2005	56,373,304	56,357,279	16,025
X	2006	81,455,176	81,333,397	121,780
X	2007	105,755,236	105,737,627	17,609
X	TOTAL	278,025,396	277,694,433	330,963

Lot	Year	Monitoring Expenses	Canon	Share			Public Treasury	Royalty according to Perupetro Distribution
				Perupetro	MEM	OSINERG		
X	2004	38,403	18,915,145	513,990	256,995	256,995	14,284,601	34,266,131
X	2005	46,568	30,318,619	845,359	422,680	422,680	24,301,374	56,357,279
X	2006	47,043	37,629,804	1,219,991	609,820	609,820	41,216,918	81,333,397
X	2007	45,834	43,852,086	1,586,064	793,032	793,032	58,667,577	105,737,627
X	TOTAL	177,849	130,715,654	4,165,405	2,082,527	2,082,527	138,470,470	277,694,433

The following table shows the canon determined for royalty distribution and the canon actually distributed, which are different due to minor adjustments to settle the balances of Perupetro, which are shown in the "Difference" column.

Lot	Year	Canon	Canon Distributed	Additional Canon Distributed	Total	Difference
			Piura	Tumbes		
X	2004	18,915,145	15,228,356	3,807,089	19,035,445	(120,300)
X	2005	30,318,619	24,261,042	6,065,260	30,326,302	(7,684)
X	2006	37,629,804	30,153,323	7,539,331	37,692,654	(62,850)
X	2007	43,852,086	35,088,579	8,772,145	43,860,724	(8,638)
X	TOTAL	130,715,654	104,731,300	26,183,825	130,915,125	(199,471)

Aggregate Companies (Piura and Tumbes)

Year	Royalty according to Revenue Collection Reconciliation	Royalty according to Perupetro Distribution	Adjustment
2004	498,000	498,000	(0)
2005	446,262	478,298	(32,036)
2006	575,465	574,420	1,046
2007	3,345,436	3,347,200	(1,764)
TOTAL	4,865,163	4,897,918	(32,754)

Year	Monitoring Expenses	Canon	Share			Public Treasury	Royalty according to Perupetro Distribution
			Perupetro	MEM	OSINERG		
2004	21,868	341,227	7,470	3,735	3,735	119,965	498,000
2005	25,535	325,854	7,174	3,587	3,587	80,523	446,262
2006	23,757	386,898	8,501	4,250	4,250	147,809	575,465
2007	35,894	1,681,610	50,208	25,104	25,104	1,527,517	3,345,436
TOTAL	107,053	2,735,589	73,353	36,677	36,677	1,875,814	4,865,163

The following table shows the canon determined for royalty distribution and the canon actually distributed, which are different due to minor adjustments to settle the balances of Perupetro, which are shown in the "Difference" column.

Year	Canon	Canon Distributed	Additional Canon Distributed	Total	Difference
		Piura	Tumbes		
2004	341.227	274.409	68.602	343.011	(1.784)
2005	325.854	248.748	62.187	310.935	14.920
2006	386.898	319.210	79.803	399.013	(12.115)
2007	1.681.610	1.346.301	336.575	1.682.876	(1.266)
TOTAL	2.735.589	2.188.668	547.167	2.735.835	(246)

Aggregate Companies (Loreto and Ucayali)

Year	Royalty according to Revenue Collection Reconciliation	Royalty according to Perupetro Distribution	Adjustment
2004	147,314,284	143,764,797	3,549,487
2005	192,786,929	192,988,258	(201,330)
2006	223,081,483	224,533,972	(1,452,489)
2007	238,789,384	237,500,388	1,288,996
TOTAL	801,972,080	798,787,415	3,184,666

Year	Monitoring Expenses	Canon	Share			Public Treasury	Royalty according to Perupetro Distribution
			Perupetro	MEM	OSINERG		
2004	123,550	55,599,352	2,156,472	1,078,236	1,078,236	83,728,950	143,764,797
2005	176,067	74,887,600	2,894,824	1,447,412	1,447,412	112,134,944	192,988,258
2006	198,638	88,629,730	3,358,010	1,684,005	1,684,005	128,979,585	224,533,972
2007	245,854	94,931,012	3,562,506	1,781,253	1,781,253	135,198,510	237,500,388
TOTAL	744,109	314,047,695	11,971,811	5,990,906	5,990,906	460,041,988	798,787,415

The following table shows the canon determined for royalty distribution and the canon actually distributed, which are different due to minor adjustments to settle the balances of Perupetro, which are shown in the "Difference" column.

Year	Canon	Canon Distributed	Additional Canon Distributed	Total	Difference
		Loreto	Ucayali		
2004	55,599,352	44,558,654	11,139,663	55,698,317	(98,965)
2005	74,887,600	59,807,744	14,951,936	74,759,680	127,920
2006	88,629,730	70,458,301	17,614,575	88,072,876	556,854
2007	94,931,012	76,369,451	19,091,215	95,460,666	(529,654)

Loreto – Canon

Year 2004				Recalculated only for the EITI - Peru Reconciliation Study				Total Distributed by PCM	
Company	Lot	Currency	Amount to Distribute	Local Government 40%	Regional Government 52%	Universities 5%	Institutes 3%	Local Government	Regional Government
Maple Gas Corporation del Perú S.R.L.	31 B	US\$	330,631	132,252	171,928	16,532	9,919		
Total Aggregate companies		US\$	44,558,654	17,823,461	23,170,500	2,227,933	1,336,760		
Total		US\$	44,889,284	17,955,714	23,342,428	2,244,464	1,346,679		
Total converted to Nuevos Soles Exch. Rate S/3		S/		53,867,141	70,027,283			77,168,742	99,628,028
Share								70%	70%

Year 2005				Recalculated only for the EITI - Peru Reconciliation Study				Total Distributed by PCM	
Company	Lot	Currency	Amount to Distribute	Local Government 40%	Regional Government 52%	Universities 5%	Institutes 3%	Local Government	Regional Government
Maple Gas Corporation del Perú S.R.L.	31 B	US\$	589,409	235,764	306,493	29,470	17,682		
Total Aggregate companies		US\$	59,807,744	23,923,098	31,100,027	2,990,387	1,794,232		
Total		US\$	60,397,153	24,158,861	31,406,519	3,019,858	1,811,915		
Total converted to Nuevos Soles Exch. Rate S/3		S/		72,476,583	94,219,558			95,637,087	124,328,213
Share								76%	76%

Year 2006				Recalculated only for the EITI - Peru Reconciliation Study				Total Distributed by PCM	
Company	Lot	Currency	Amount to Distribute	Local Government 40%	Regional Government 52%	Universities 5%	Institutes 3%	Local Government	Regional Government
Maple Gas Corporation del Perú S.R.L.	31 B	US\$	904,978	361,991	470,588	45,249	27,149		
Total Aggregate companies		US\$	70,458,301	28,183,320	36,638,317	3,522,915	2,113,749		
Total		US\$	71,363,279	28,545,311	37,108,905	3,568,164	2,140,898		
Total converted to Nuevos Soles Exch. Rate S/3		S/		85,635,934	111,326,715			115,928,484	144,716,065
Share								74%	77%

Year 2007				Recalculated only for the EITI - Peru Reconciliation Study				Total Distributed by PCM	
Company	Lot	Currency	Amount to Distribute	Local Government 40%	Regional Government 52%	Universities 5%	Institutes 3%	Local Government	Regional Government
Maple Gas Corporation del Perú S.R.L.	31 B	US\$	933,828	373,531	485,591	46,691	28,015		
Total Aggregate companies		US\$	76,369,451	30,547,781	39,712,115	3,818,473	2,291,084		
Total		US\$	77,303,280	30,921,312	40,197,705	3,865,164	2,319,098		
Total converted to Nuevos Soles Exch. Rate S/3		S/		92,763,936	120,593,116			115,852,029	150,607,637
Share								80%	80%

Ucayali – Additional Canon

Year 2004				Recalculated only for the EITI - Peru Reconciliation Study				Total Distributed by PCM	
Company	Lot	Currency	Amount to Distribute	Local Government 40%	Regional Government 52%	Universities 5%	Institutes 3%	Local Government	Regional Government
Maple Gas Corporation del Perú S.R.L.	31 B	US\$	82,658	33,063	42,982	4,133	2,480		
Total Aggregate companies		US\$	11,139,663	4,455,865	5,792,625	556,983	334,190		
Total		US\$	11,222,321	4,488,928	5,835,607	561,116	336,670		
Total converted to Nuevos Soles Exch. Rate S/3		S/		13,466,785	17,506,821			29,869,058	38,757,960
Share								45%	45%

Year 2005				Recalculated only for EITI - Peru Reconciliation Study				Total Distributed by PCM	
Company	Lot	Currency	Amount to Distribute	Local Government 40%	Regional Government 52%	Universities 5%	Institutes 3%	Local Government	Regional Government
Maple Gas Corporation del Perú S.R.L.	31 B	US\$	147,352	58,941	76,623	7,368	4,421		
Total Aggregate companies		US\$	14,951,936	5,980,774	7,775,007	747,597	448,558		
Total		US\$	15,099,288	6,039,715	7,851,630	754,964	452,979		
Total converted to Nuevos Soles Exch. Rate S/3		S/		18,119,146	23,554,890			36,702,155	47,712,802
Share								49%	49%

Year 2006				Recalculated only for EITI - Peru Reconciliation Study				Total Distributed by PCM	
Company	Lot	Currency	Amount to Distribute	Local Government 40%	Regional Government 52%	Universities 5%	Institutes 3%	Local Government	Regional Government
Maple Gas Corporation del Perú S.R.L.	31 B	US\$	226,244	90,498	117,647	11,312	6,787		
Total Aggregate companies		US\$	17,614,575	7,045,830	9,159,579	880,729	528,437		
Total		US\$	17,840,820	7,136,328	9,277,226	892,041	535,225		
Total converted to Nuevos Soles Exch. Rate S/3		S/		21,408,984	27,831,679			42,502,523	52,986,019
Share								50%	53%

Year 2007				Recalculated only for EITI - Peru Reconciliation Study				Total Distributed by PCM	
Company	Lot	Currency	Amount to Distribute	Local Government 40%	Regional Government 52%	Universities 5%	Institutes 3%	Local Government	Regional Government
Maple Gas Corporation del Perú S.R.L.	31 B	US\$	233,457	93,383	121,398	11,673	7,004		
Total Aggregate companies		US\$	19,091,215	7,636,486	9,927,432	954,561	572,736		
Total		US\$	19,324,672	7,729,869	10,048,830	966,234	579,740		
Total converted to Nuevos Soles Exch. Rate S/3		S/		23,189,607	30,146,489			52,335,941	45,570,497
Share								44%	66%

Piura – Canon

Year 2004				Recalculated only for EITI - Peru Reconciliation Study				Total Distributed by PCM	
Company	Lot	Currency	Amount to Distribute	Local Government 70%	Regional Government 20%	Universities 5%	Institutes 5%	Local Government	Regional Government
Petrobras Energía Perú S.A.	X	US\$	15,228,356	10,659,849	3,045,671	761,418	761,418		
Total Aggregate Companies		US\$	274,409	192,086	54,882	13,720	13,720		
Total		US\$	15,502,765	10,851,935	3,100,553	775,138	775,138		
Total Converted to Nuevo Soles Exch. Rate S/ 3		S/		32,555,806	9,301,659			96,181,884	27,625,970
Share								34%	34%

Year 2005				Recalculated only for EITI - Peru Reconciliation Study				Total Distributed by PCM	
Company	Lot	Currency	Amount to Distribute	Local Government 70%	Regional Government 20%	Universities 5%	Institutes 5%	Local Government	Regional Government
Petrobras Energía Perú S.A.	X	US\$	24,261,042	16,982,729	4,852,208	1,213,052	1,213,052		
Total Aggregate Companies		US\$	248,748	174,123	49,750	12,437	12,437		
Total		US\$	24,509,790	17,156,853	4,901,958	1,225,489	1,225,489		
Total Converted to Nuevo Soles Exch. Rate S/ 3		S/		51,470,558	14,705,874			136,782,468	48,850,882
Share								38%	30%

Year 2006				Recalculate only for EITI - Peru Reconciliation Study				Total Distributed by PCM	
Company	Lot	Currency	Amount to Distribute	Local Government 70%	Regional Government 20%	Universities 5%	Institutes 5%	Local Government	Regional Government
Petrobras Energía Perú S.A.	X	US\$	30,153,323	21,107,326	6,030,665	1,507,666	1,507,666		
Total Aggregate Companies		US\$	319,210	223,447	63,842	15,961	15,961		
Total		US\$	30,472,533	21,330,773	6,094,507	1,523,627	1,523,627		
Total Converted to Nuevo Soles Exch. Rate S/ 3		S/		63,992,320	18,283,520			172,516,153	73,173,427
Share								37%	25%

Year 2007				Recalculated only for EITI - Peru Reconciliation Study				Total Distributed by PCM	
Company	Lot	Currency	Amount to Distribute	Local Government 70%	Regional Government 20%	Universities 5%	Institutes 5%	Local Government	Regional Government
Petrobras Energía Perú S.A.	X	US\$	35,088,579	24,562,006	7,017,716	1,754,429	1,754,429		
Total Aggregate Companies		US\$	1,346,301	942,411	269,260	67,315	67,315		
Total		US\$	36,434,880	25,504,416	7,286,976	1,821,744	1,821,744		
Total Converted to Nuevo Soles Exch. Rate S/ 3		S/		76,513,249	21,860,928			188,075,647	67,169,874
Share								41%	33%

Tumbes – Additional Canon

Year 2004				Recalculated only for EITI - Peru Reconciliation Study				Total Distributed by PCM	
Company	Lot	Currency	Amount to Distribute	Local Government 70%	Regional Government 20%	Universities 5%	Institutes 5%	Local Government	Regional Government
Petrobras Energia Perú S.A.	X	US\$	3,807,089	2,664,962	761,418	190,354	190,354		
Total Aggregate Companies		US\$	68,602	48,022	13,720	3,430	3,430		
Total		US\$	3,875,691	2,712,984	775,138	193,785	193,785		
Total converted to Nuevo Soles Exch. Rate S/ 3		S/		8,138,951	2,325,415			24,045,530	6,906,504
Share								34%	34%

Year 2005				Recalculated only for EITI - Peru Reconciliation Study				Total Distributed by PCM	
Company	Lot	Currency	Amount to Distribute	Local Government 70%	Regional Government 20%	Universities 5%	Institutes 5%	Local Government	Regional Government
Petrobras Energia Perú S.A.	X	US\$	6,065,260	4,245,682	1,213,052	303,263	303,263		
Total Aggregate Companies		US\$	62,187	43,531	12,437	3,109	3,109		
Total		US\$	6,127,447	4,289,213	1,225,489	306,372	306,372		
Total converted to Nuevo Soles Exch. Rate S/ 3		S/		12,867,640	3,676,468			34,195,617	12,212,720
Share								38%	30%

Year 2006				Recalculated only for EITI - Peru Reconciliation Study				Total Distributed by PCM	
Company	Lot	Currency	Amount to Distribute	Local Government 70%	Regional Government 20%	Universities 5%	Institutes 5%	Local Government	Regional Government
Petrobras Energía Perú S.A.	X	US\$	7,539,331	5,277,532	1,507,866	376,967	376,967		
Total Aggregate Companies		US\$	79,803	55,862	15,961	3,990	3,990		
Total		US\$	7,619,133	5,333,393	1,523,827	380,957	380,957		
Total converted to Nuevo Soles Exch. Rate S/ 3		S/		16,000,180	4,571,480			43,129,039	18,293,357
Share								37%	25%

Year 2007				Recalculated only for EITI - Peru Reconciliation Study				Total Distributed by PCM	
Company	Lot	Currency	Amount to Distribute	Local Government 70%	Regional Government 20%	Universities 5%	Institutes 5%	Local Government	Regional Government
Petrobras Energía Perú S.A.	X	US\$	8,772,145	6,140,501	1,754,429	438,607	438,607		
Total Aggregate Companies		US\$	336,575	235,603	67,315	16,829	16,829		
Total		US\$	9,108,720	6,376,104	1,821,744	455,436	455,436		
Total converted to Nuevo Soles Exch. Rate S/ 3		S/		19,128,312	5,465,232			47,018,912	16,792,469
Share								41%	33%

Huánuco (Puerto Inca) – Additional Canon

Year 2004				Recalculated only for EITI - Peru Reconciliation Study	Total Distributed by PCM
Company	Currency	Lot	Amount to Distribute	Local Government 100%	Local Government
Maple Gas Corporation del Perú S.R.L.	US\$	31 D	152,730	152,730	
Total	US\$		152,730	152,730	
Total converted to Nuevo Soles Exch. Rate S/ 3	S/			504,225	504,225
Share					100%

Year 2005				Recalculated only for EITI - Peru Reconciliation Study	Total Distributed by PCM
Company	Currency	Lot	Amount to Distribute	Local Government 100%	Local Government
Maple Gas Corporation del Perú S.R.L.	US\$	31 D	227,609	227,609	
Total	US\$		227,609	227,609	
Total converted to Nuevo Soles Exch. Rate S/ 3	S/			718,336	718,336
Share					100%

Year 2006				Recalculated only for EITI - Peru Reconciliation Study	Total Distributed by PCM
Company	Currency	Lot	Amount to Distribute	Local Government 100%	Local Government
Maple Gas Corporation del Perú S.R.L.	US\$	31 D	238,278	238,278	
Total	US\$		238,278	238,278	
Total converted to Nuevo Soles Exch. Rate S/ 3	S/			798,995	798,995
Share					100%

Year 2007				Recalculated only for EITI Peru Reconciliation Study	Total Distributed by PCM
Company	Currency	Lot	Amount to Distribute	Local Government 100%	Local Government
Maple Gas Corporation del Perú S.R.L.	US\$	31 D	246,351	246,351	
Total	US\$		246,351	246,351	
Total converted to Nuevo Soles Exch. Rate S/ 3	S/			750,126	750,126
Share					100%

VII.4 Gas Canon

In order to show gas canon distribution, we have separated the distribution of the gas royalty canon from the Income Tax gas canon.

VII.4.1 Gas Canon – Gas Royalty

Perupetro calculates gas company royalties on a bi-weekly basis. Furthermore, Perupetro calculates the applicable canon, of which the sole beneficiary is, at present, the Department of Cusco. The canon amount calculated by Perupetro is submitted monthly by an official communication to the Decentralisation Secretariat of PCM, which distributes such amount to local governments (district and provincial municipalities) and to the Cuzco regional government using the distribution ratios determined by DGAES-MEF.

Official distribution of the gas canon is made by PCM in aggregate form to the various local and /or regional (Cusco) governments, as applicable. However, the information provided by PERUPETRO allows identifying the amounts distributed by company on a departmental level only, with no specification as to the government to which the canon is to be distributed.

In view of the above, we performed calculations to determine the consistency of the figures provided by PERUPETRO in its various reports, as well as to make the PERUPETRO information and the PCM information comparable, verifying that figures provided by PCM be higher than the recalculated figures.

It should be noted, in connection with the purposes of this Study, that companies included in the gas canon review are part of Consorcio Camisea, for which reason Cusco is the sole beneficiary department. This is the case because, as provided in the Canon Law, companies that have started operations in departments where no specific law exists in this connection are required to apply the gas canon distribution methodology. That is, companies that produce gas in areas where hydrocarbon laws were in place prior to the Canon Law, such as Olympic Perú y Petrobras, will continue with the same methodology as the oil canon and additional canon.

To make the information reviewed comparable for purposes of distribution by the companies adhering to the Study, we have reviewed the information contained in the bi-weekly and monthly reports provided by Perupetro (with proven calculations by Ernst & Young for the canon calculated) by company and by department. Furthermore, we have reviewed the entire information reported by Perupetro to PCM on a monthly basis, which PCM reports to DGTP - MEF for purposes of the respective transfers. It should be noted that the information handled by Perupetro is expressed in US dollars and converted to nuevos soles at the exchange rate applicable for each month at the time of being reported to PCM. Domestic currency amounts do not allow determining the distribution by company because such amounts are determined for the distribution of departmental aggregate amounts, not by company.

Table of reconciliation between the amount collected on royalties according to forms delivered by Perupetro and the royalties provided in its monthly royalty distribution report.

Company	Currency	Royalty according to Revenue Reconciling	Royalty according to Perupetro Distribution	Adjustments (i)
Total Aggregate Companies (v)	US\$	492,603,126	492,687,284	(84,159)
TOTAL	US\$	492,603,126	492,687,284	(84,159)

The distribution made by Perupetro in connection with the gas royalties collected according to law, and by item detailed in the table is shown below. It should be noted that the distribution by items is not associated solely with rates on the royalty collected, but with independent calculations based on the royalty funds (as in the case of the canon) Monitoring expenses pertain to the amounts invoiced by the service provider. The share of public entities represent a percentage of the total royalty amount. The amount delivered to the Public Treasury results from the remainder of the royalty collected minus the aforementioned items.

Company	Currency	Canon 50%	Monitoring Expenses (ii)	Share (iii)			Public Treasury (iv)	Royalty according to Perupetro Distribution
				Perupetro	MEM	OSINERG		
Total Aggregate Companies (v)	US\$	246,343,642	194,946	7,390,309	3,695,155	3,695,155	231,368,077	492,687,284
TOTAL	US\$	246,343,642	194,946	7,390,309	3,695,155	3,695,155	231,368,077	492,687,284

Item	US\$
Canon according to Perupetro royalty distribution report	246,343,642
Canon according to Perupetro report on calculation of canon by lot and by department	246,333,292
Difference(vi)	10,350

NOTES

- (i) Differences caused by adjustments made by Perupetro after the original payment date of the royalties.
- (ii) Pertains to monitoring expenses incurred by Perupetro to monitor company operations.
- (iii) Pertains to sharing the operating expenses of the entities referred to therein.
- (iv) Pertains to the amount received directly by the Public Treasury, which amount is under no specific distribution.
- (v) Aggregate companies:

- Hunt Oil Company of Perú L.L.C.
- Pluspetrol Perú Corporation S.A.
- Pluspetrol Camisea S.A.
- Repsol Exploración Perú, Sucursal del Perú.

(vi) Difference between the canon determined in the distribution reports of Perupetro and the recalculation based on the production value and the ratios required by law. Generated by subsequent adjustments to the distribution reports of Perupetro.

Cusco

[TEXT IN FOUR FOLLOWING TABLES]:

Compañía: Company
Total Compañías Agregadas: Total Aggregated Companies
Total : Total
Total convertido a Nuevo Soles TC S/3. Total converted to Nuevos Soles Exch. Rate S/.3
Porcentaje de participación: Share
Moneda: Currency
Recalculado únicamente para efectos del Estudio de Conciliación ITIE Perú: Recalculated only for the EITI - Peru Reconciliation Study
Distribución según Perupetro: Distribution according to Perupetro
Gobiernos Locales: Regional Governments
Gobierno Regional: Regional Government
Total distribuido por PCM: Total Distributed by PCm

2004

Compañía	Moneda	Recalculado únicamente para efectos del Estudio de Conciliación ITIE Perú			Total distribuido por PCM	
		Distribución según Perupetro	Gobiernos Locales 75%	Gobierno Regional 25%	Gobiernos Locales	Gobierno Regional
Total Compañías Agregadas	US\$	16,454,156	12,340,617	4,113,539		
Total	US\$	16,454,156	12,340,617	4,113,539		
Total convertido a Nuevo Soles TC S/ 3	S/	49,362,467	37,021,851	12,340,617	54,654,332	18,218,111
Porcentaje de participación					68%	68%

2005

Compañía	Moneda	Recalculado únicamente para efectos del Estudio de Conciliación ITIE Perú			Total distribuido por PCM	
		Distribución según Perupetro	Gobiernos Locales 75%	Gobiernos Regionales 25%	Gobiernos Locales	Gobierno Regional
Total Compañías Agregadas	US\$	59,623,878	44,717,908	14,905,969		
Total	US\$	59,623,878	44,717,908	14,905,969		
Total convertido a Nuevo Soles TC S/ 3	S/	178,871,633	134,153,725	44,717,908	226,447,480	75,482,793
Porcentaje de participación					59%	59%

2006

Compañía	Moneda	Recalculado únicamente para efectos del Estudio de Conciliación ITIE Perú			Total distribuido por PCM	
		Distribución según Perupetro	Gobiernos Locales 75%	Gobiernos Regionales 25%	Gobiernos Locales	Gobierno Regional
Total Compañías Agregadas	US\$	76,143,990	57,107,993	19,035,998		
Total	US\$	76,143,990	57,107,993	19,035,998		
Total convertido a Nuevo Soles TC S/ 3	S/	228,431,971	171,323,978	57,107,993	295,402,872	98,467,624
Porcentaje de participación					58%	58%

2007

Compañía	Moneda	Recalculado únicamente para efectos del Estudio de Conciliación ITIE Perú			Total distribuido por PCM	
		Distribución según Perupetro	Gobiernos Locales 75%	Gobiernos Regionales 25%	Gobiernos Locales	Gobierno Regional
Total Compañías Agregadas	US\$	94,111,269	70,583,451	23,527,817		
Total	US\$	94,111,269	70,583,451	23,527,817		
Total convertido a Nuevo Soles TC S/ 3	S/	282,333,806	211,750,354	70,583,451	334,689,573	111,563,191
Porcentaje de participación					63%	63%

NOTE:

1. PCM information provided in aggregate form, because PCM provides no information by company.

VII.4.2 Gas Canon – Income Tax

SUNAT communicates to DGAES-MEF on an annual basis the annual Income Tax amount reported by gas companies. DGAES-MEF determines 50% of such amount for distribution thereof to local and regional governments.

Considering that the universe of companies adhering to the Study is smaller than the total companies of Consorcio Camisea, which make up 100% of the companies that pay the gas canon, we have recalculated the amount to be distributed by companies adhering to the Study and compared it to the totals officially distributed by PCM, verifying that PCM amounts are higher than the recalculated figures.

As baseline information for this recalculation, we have used the information on Income Tax collected shown in Section VI.1 Income Tax.

VII.4.2 Gas Canon Distribution – Income Tax

Year 2005				Recalculated only for the EITI Peru Reconciliation Study		Distributed by PCM	
Company	Currency	Total Collected (3)	50% Collected IT	Local Government 75%	Regional Government 25%	Local Government 75%	Regional Government 25%
Total Aggregate Companies	S/	176,963,058	88,481,529	66,361,147	22,120,382		
TOTAL		176,963,058	88,481,529	66,361,147	22,120,382	79,925,459	26,641,820
						83%	83%

Year 2006				Recalculated only for EITI - Peru Reconciliation Study		Distributed by PCM	
Company	Currency	Total Collected	50% Collected IT	Local Government 75%	Regional Government 25%	Local Government 75%	Regional Government 25%
Total Aggregate Companies	S/	104,835,231	52,417,616	39,313,212	13,104,404		
TOTAL		104,835,231	52,417,616	39,313,212	13,104,404	65,562,352	21,854,117
						60%	60%

Year 2007				Recalculated only for EITI - Peru Reconciliation Study		Distributed by PCM	
Company	Currency	Total Collected	50% Collected IT	Local Government 75%	Regional Government 25%	Local Government 75%	Regional Government 25%
Total Aggregate Companies	S/	156,876,356	78,438,178	58,828,634	19,609,545		
TOTAL		156,876,356	78,438,178	58,828,634	19,609,545	100,278,257	33,426,086
						59%	59%

NOTES

1. PCM made no gas canon distribution from Income Tax in the year 2004.
2. PCM information is provided in aggregate form because PCM does not provide information by companies.

3. Based on amounts collected according to the Summary of Income Tax collection of companies subject to payment of gas royalties on Income tax, the amount for the 2005 is a S/. 236,942,925 (adding the amount in soles to the amount in dollars converted to soles at the exchange rate of S/ 3). The difference with the amount shown in Total Collected in this section (S/. 176,963,058) originated because MEF received from SUNAT an amount lower than the amount reported by the company for such period.

VII.5 Property Fee

The property fee is distributed by INGEMMET, which is also in charge of collection thereof. Detailed information on amounts distributed to each district and collected by each company is available from this entity.

Distribution of the property fees collected by INGEMMET is made on the month following collection thereof. The distribution database was provided by INGEMMET in Excel sheets and contains, amongst other data, the period to which the property fee applies and the period in which it was actually distributed. Upon identifying the amount distributed by period (for years 2004, 2005, 2006 and 2007), we proceeded to verify that the amount distributed pertains to 75% of the amount collected by INGEMMET, because under applicable laws that is the rate to be distributed amongst the local (district) governments in the area of influence. The 25% is applied to cover operating expenses of INGEMMET and MEM.

$$\frac{\text{Amount distributed for period X}}{\text{Amount collected for period X}} = 75\%$$

General table of distribution of property fees for the 2004 – 2007

This table shows a comparison between the totals for the period under (2004 – 2007) of amounts collected versus amounts distributed. According to the methodology of INGEMMET, 75% of the amount collected must be distributed to districts located within the area of influence. The remaining 25% is applied to cover operating expenses of INGEMMET.

No.	Company	Total US \$			
		Amount according to INGEMMET distribution	Amount according to INGEMMET collection	Ratio %	Ref.
1	Inversiones Mineras del Sur S.A.	524,573	708,499	74%	
2	Cedimin S.A.C.	452,629	609,016	74%	
3	Compañía Minera Antamina S.A.	303,942	405,256	75%	
4	Compañía Minera Argentum S.A.	85,304	114,307	75%	
5	Pan American Silver S.A.C. (Mina Quiruvilca)	56,235	79,181	71%	
6	Compañía Minera Raura S.A.	135,423	183,264	74%	
7	Empresa Minera Los Quenuales S.A.	633,937	852,216	74%	
8	Perubar S.A.	-	-	-	(i)
9	Minera Bateas S.A.C.	61,999	82,667	75%	
10	Minera Yanacocha S.R.L.	1,942,443	2,587,298	75%	
11	Minsur S.A.	963,077	1,303,856	74%	
12	Southern Perú Copper Corporation, Sucursal del Perú	1,624,524	2,279,729	71%	
13	Xstrata Tintaya S.A.	1,083,766	1,445,020	75%	
14	Anglo American Michiquillay S.A.	-	-	-	(ii)
15	Anglo American Quellaveco S.A.	455,393	612,862	74%	
16	Anglo American Exploration S.A.	259,969	501,694	52%	(iii)
17	Río Tinto Minera Perú Limitada S.A.C.	27,788	37,050	75%	
18	Río Tinto Mining and Exploración S.A.C	1,090,635	1,485,113	73%	
	Compañías con información agregada (iv)	5,593,126	7,571,382	74%	
	TOTAL	15,294,763	20,858,412		

NOTES

(i) Included in the records of Empresa Minera Los Quenuales S.A., a related company of these.

- (ii) INGEMMET has informed that it has no records in the name of Anglo American Michiquillay S.A. The company has filed supporting information reporting US\$ 24,309 for periods 2006 and 2007.
- (iii) Companies with differences over 5% in the distributed amount ratio, which should be 75% in all cases.
- (iv) Detail of aggregate companies:
 - Compañía de Minas Buenaventura S.A.A.
 - Compañía Minera Milpo S.A.A.
 - Minera Pampa de Cobre S.A.
 - Sociedad Minera Cerro Verde S.A.A.
 - Minera Barrick Misquichilca S.A.
 - Sociedad Minera El Brocal S.A.A.

2004

No.	Company	Year 2004 US \$			Ref.
		Amount according to INGEMMET Distribution	Amount according to INGEMMET Collection	Ratio %	
1	Inversiones Mineras del Sur S.A.	121,949	159,443	76%	
2	Cedimin S.A.C.	128,477	173,522	74%	
3	Compañía Minera Antamina S.A.	29,073	38,764	75%	
4	Compañía Minera Argentum S.A.	15,118	20,158	75%	
5	Pan American Silver S.A.C. (Mina Quiruvilca)	6,326	8,434	75%	
6	Compañía Minera Raura S.A.	32,789	43,719	75%	
7	Empresa Minera Los Quenuales S.A.	127,282	170,010	75%	
8	Perubar S.A.	-	-	-	(i)
9	Minera Bateas S.A.C.	-	-	-	(iv)
10	Minera Yanacocha S.R.L.	247,258	329,814	75%	
11	Minsur S.A.	183,121	244,161	75%	
12	Southern Perú Copper Corporation, Sucursal del Perú	368,161	530,895	69%	(iii)
13	Xstrata Tintaya S.A.	330,606	440,808	75%	
14	Anglo American Michiquillay S.A.	-	-	-	(ii)
15	Anglo American Quellaveco S.A.	73,548	98,065	75%	
16	Anglo American Exploration S.A.	45,680	82,830	55%	(iii)
17	Río Tinto Minera Perú Limitada S.A.C.	-	-	-	(iv)
18	Río Tinto Mining and Exploración S.A.C	294,194	402,792	73%	
	Compañías con información agregada (v)	1,148,666	1,558,729	74%	
	TOTAL	3,152,248	4,302,143		

NOTES

- (i) Included in the records of Empresa Minera Los Quenuales S.A., a related company of these.
- (ii) INGEMMET has informed that it has no records in the name of Anglo American Michiquillay S.A. The company has filed supporting information reporting US\$ 24,309 for periods 2006 and 2007.
- (iii) Companies with differences over 5% in the distributed amount ratio, which should be 75% in all cases.
- (iv) No operations in this period
- (v) Detail of aggregate companies:
 - Compañía de Minas Buenaventura S.A.A.
 - Compañía Minera Milpo S.A.A.
 - Minera Pampa de Cobre S.A.
 - Sociedad Minera Cerro Verde S.A.A.
 - Minera Barrick Misquichilca S.A.
 - Sociedad Minera El Brocal S.A.A.

No.	Company	Year 2005 US\$			Ref.
		Amount according to INGEMMET Distribution	Amount according to INGEMMET Collection	Ratio %	
1	Inversiones Mineras del Sur S.A.	157,719	227,944	69%	
2	Cedimin S.A.C.	107,172	145,441	74%	
3	Compañía Minera Antamina S.A.	29,073	38,764	75%	
4	Compañía Minera Argentum S.A.	21,914	29,689	74%	
5	Pan American Silver S.A.C. (Mina Quiruvilca)	6,311	-	-	(iv)
6	Compañía Minera Raura S.A.	32,789	43,719	75%	
7	Empresa Minera Los Quenuales S.A.	145,382	193,909	75%	
8	Perubar S.A.	-	-	-	(i)
9	Minera Bateas S.A.C.	17,741	23,655	75%	
10	Minera Yanacocha S.R.L.	519,820	691,043	75%	
11	Minsur S.A.	273,594	367,794	74%	
12	Southern Perú Copper Corporation, Sucursal del Perú	369,439	519,510	71%	
13	Xstrata Tintaya S.A.	285,887	381,182	75%	
14	Anglo American Michiquillay S.A.	-	-	-	(ii)
15	Anglo American Quellaveco S.A.	104,362	147,322	71%	
16	Anglo American Exploration S.A.	62,965	112,172	56%	(iii)
17	Río Tinto Minera Perú Limitada S.A.C.	-	-	-	
18	Río Tinto Mining and Exploración S.A.C	236,676	326,368	73%	
	Compañías con información agregada (v)	1,197,968	1,659,683	72%	
	TOTAL	3,568,812	4,908,196		

NOTES

- (i) Included in the records of Empresa Minera Los Quenuales S.A., a related company of these.
- (ii) INGEMMET has informed that it has no records in the name of Anglo American Michiquillay S.A. The company has filed supporting information reporting US\$ 24,309 for periods 2006 and 2007.
- (iii) Companies with differences over 5% in the distributed amount ratio, which should be 75% in all cases.
- (iv) No collection amount identifiable for this period. With the 2006 period, the amount collected according to INGEMMET is US\$ 24,888, which is reported in 2007.
- (v) Detail of aggregate companies:
- Compañía de Minas Buenaventura S.A.A.
 - Compañía Minera Milpo S.A.A.
 - Minera Pampa de Cobre S.A.
 - Sociedad Minera Cerro Verde S.A.A.
 - Minera Barrick Misquichilca S.A.
 - Sociedad Minera El Brocal S.A.A.

No.	Company	Year 2006 en US\$			
		Amount according to INGEMMET Distribution	Amount according to INGEMMET Collection	Ratio %	Ref.
1	Inversiones Mineras del Sur S.A.	132,868	174,918	76%	
2	Cedimin S.A.C.	130,475	174,412	75%	
3	Compañía Minera Antamina S.A.	122,898	163,864	75%	
4	Compañía Minera Argentum S.A.	21,980	32,326	68%	(v)
5	Pan American Silver S.A.C. (Mina Quiruvilca)	15,516	24,888	62%	(iv)
6	Compañía Minera Raura S.A.	37,060	52,113	71%	
7	Empresa Minera Los Quenuales S.A.	162,640	224,826	72%	
8	Perubar S.A.	-	-	-	(i)
9	Minera Bateas S.A.C.	20,441	27,254	75%	
10	Minera Yanacocha S.R.L.	554,216	738,239	75%	
11	Minsur S.A.	250,706	341,778	73%	
12	Southern Perú Copper Corporation, Sucursal del Perú	388,725	532,161	73%	
13	Xstrata Tintaya S.A.	278,363	371,150	75%	
14	Anglo American Michiquillay S.A.	-	-	-	(ii)
15	Anglo American Quellaveco S.A.	129,436	172,582	75%	
16	Anglo American Exploration S.A.	75,747	154,336	49%	(iii)
17	Río Tinto Minera Perú Limitada S.A.C.	14,963	19,950	75%	
18	Río Tinto Mining and Exploración S.A.C	246,030	334,939	73%	
	Compañías con información agregada (vi)	1,421,230	1,903,112	75%	
	TOTAL	4,003,292	5,442,847		

NOTES

- (vi) Included in the records of Empresa Minera Los Quenuales S.A., a related company of these.
- (vii) INGEMMET has informed that it has no records in the name of Anglo American Michiquillay S.A. The company has filed supporting information reporting US\$ 24,309 for periods 2006 and 2007.
- (i) Companies with differences over 5% in the distributed amount ratio, which should be 75% in all cases.
- (ii) No identifiable revenues for this fiscal year. In the aggregate with fiscal year 2006, the amount according to INGEMMET revenue collection is US\$ 24,888, reported in the year 2007.
- (iii) The difference was distributed in 2007
- (iv) Detail of aggregate companies:
- Compañía de Minas Buenaventura S.A.A.
 - Compañía Minera Milpo S.A.A.
 - Minera Pampa de Cobre S.A.
 - Sociedad Minera Cerro Verde S.A.A.
 - Minera Barrick Misquichilca S.A.
 - Sociedad Minera El Brocal S.A.A.

No.	Company	Year 2007 US\$			
		Amount according to INGEMMET Distribution	Amount according to INGEMMET Collection	Ratio %	Ref.
1	Inversiones Mineras del Sur S.A.	112,037	146,195	77%	
2	Cedimin S.A.C.	86,506	115,641	75%	
3	Compañía Minera Antamina S.A.	122,898	163,864	75%	
4	Compañía Minera Argentum S.A.	26,291	32,135	82%	(iv)
5	Pan American Silver S.A.C. (Mina Quiruvilca)	28,082	37,444	75%	
6	Compañía Minera Raura S.A.	32,785	43,713	75%	
7	Empresa Minera Los Quenuales S.A.	198,632	263,470	75%	
8	Perubar S.A.	-	-	-	(i)
9	Minera Bateas S.A.C.	23,817	31,757	75%	
10	Minera Yanacocha S.R.L.	621,150	828,201	75%	
11	Minsur S.A.	255,656	350,124	73%	
12	Southern Perú Copper Corporation, Sucursal del Perú	498,199	697,163	71%	
13	Xstrata Tintaya S.A.	188,910	251,880	75%	
14	Anglo American Michiquillay S.A.	-	-	-	(ii)
15	Anglo American Quellaveco S.A.	148,046	194,894	76%	
16	Anglo American Exploration S.A.	75,578	152,356	50%	(iii)
17	Río Tinto Minera Perú Limitada S.A.C.	12,825	17,100	75%	
18	Río Tinto Mining and Exploración S.A.C	313,736	421,014	75%	
	Compañías con información agregada (v)	1,825,263	2,449,858	75%	
	TOTAL	4,570,410	6,196,811		

NOTES

- (i) Included in the records of Empresa Minera Los Quenuales S.A., a related company of these.
- (ii) INGEMMET has informed that it has no records in the name of Anglo American Michiquillay S.A. The company has filed supporting information reporting US\$ 24,309 for periods 2006 and 2007.
- (iii) Companies with differences over 5% in the distributed amount ratio, which should be 75% in all cases.
- (iv) Pertains to difference not distributed in 2006
- (v) Detail of aggregate companies:
- Compañía de Minas Buenaventura S.A.A.
 - Compañía Minera Milpo S.A.A.
 - Minera Pampa de Cobre S.A.
 - Sociedad Minera Cerro Verde S.A.A.
 - Minera Barrick Misquichilca S.A.
 - Sociedad Minera El Brocal S.A.A.

Tables for distribution by company according to beneficiary departments are provide below:

Inversiones Mineras del Sur S.A.

Department	Amount Distributed			
	2004	2005	2006	2007
Arequipa	63,785	64,886	30,326	11,596
Ayacucho	17,919	18,565	9,100	8,100
Huancavelica	40,132	73,669	92,842	91,741
Ica	113	600	600	600
TOTAL	121,949	157,719	132,868	112,037

Cedimin S.A.

Department	Amount Distributed			
	2004	2005	2006	2007
Ancash	3,051	3,051	1,204	-
Apurimac	40,746	16,333	16,333	3,733
Arequipa	24,856	66,274	92,056	64,131
Cajamarca	16,061	8,861	8,861	6,909
Huancavelica	-	-	-	9,450
Piura	7,196	6,071	7,196	-
Puno	36,566	6,581	4,824	2,283
TOTAL	128,477	107,172	130,475	86,506

Compañía Minera Antamina S.A.

Department	Amount Distributed			
	2004	2005	2006	2007
Ancash	29,073	29,073	92,861	92,861
Huanuco	-	-	30,038	30,038
TOTAL	29,073	29,073	122,898	122,898

Compañía Minera Argentum S.A.

Department	Amount Distributed			
	2004	2005	2006	2007
Junin	14,640	20,412	20,945	25,255
Lima	478	1,503	1,035	1,035
TOTAL	15,118	21,914	21,980	26,291

Compañía Panamerican Silver

Department	Amount Distributed			
	2004	2005	2006	2007
Huancavelica				36
Junin			2,216	6,396
La Libertad	6,326	6,311	11,396	11,465
Pasco			1,905	10,184
TOTAL	6,326	6,311	15,516	28,082

Compañía Minera Raura S.A.

Department	Amount Distributed			
	2004	2005	2006	2007
Ancash	3,361	3,150	3,150	3,150
Huanuco	15,429	14,652	12,241	8,978
Lima	12,946	14,272	14,716	13,703
Pasco	1,053	716	6,953	6,953
TOTAL	32,789	32,789	37,060	32,785

Compañía Minera Los Quenuales S.A.

Department	Amount Distributed			
	2004	2005	2006	2007
Ancash	-	-	5,400	4,833
Apurimac	-	-	-	3,600
Ayacucho	-	-	-	6,519
Huancavelica	-	-	3,825	1,971
Huanuco	-	-	-	675
Ica	-	-	-	3,938
Junin	360	1,546	2,109	2,751
La Libertad	-	-	-	1,800
Lima	124,380	122,254	129,724	149,164
Pasco	2,541	21,582	21,582	21,582
Puno	-	-	-	1,800
TOTAL	127,282	145,382	162,640	198,632

Compañía Minera Bateas S.A.

Department	Amount Distributed			
	2004	2005	2006	2007
Arequipa	-	17,741	20,441	23,817
TOTAL	-	17,741	20,441	23,817

Compañía Minera Yanacocha S.A.

Department	Amount Distributed			
	2004	2005	2006	2007
Cajamarca	247,258	519,820	553,428	620,362
Lambayeque	-	-	788	788
TOTAL	247,258	519,820	554,216	621,150

Minsur S.A.

Department	Amount Distributed			
	2004	2005	2006	2007
Ancash	5,625	11,925	17,100	7,425
Arequipa	-	1,575	1,575	18,675
Ayacucho	-	2,250	2,250	4,500
Cusco	7,422	53,347	15,997	20,047
Huancavelica	8,119	31,969	31,649	27,983
Ica	225	225	225	1,350
La Libertad	3,150	2,025	1,837	2,587
Lima	4,214	4,214	4,214	7,364
Piura	-	-	1,395	1,500
Puno	137,177	145,983	147,324	141,998
Tacna	17,190	20,082	27,140	22,228
TOTAL	183,121	273,594	250,706	255,656

Southern Peru Copper Corporation

Department	Amount Distributed			
	2004	2005	2006	2007
Ancash	16,005	14,655	14,655	14,655
Apurimac	102,652	89,152	101,527	116,923
Arequipa	35,720	49,398	49,626	170,001
Ayacucho	3,375	6,300	15,862	24,846
Cajamarca	17,712	17,281	10,935	2,733
Cusco	-	-	4,943	4,941
Huancavelica	1,125	2,475	2,588	2,588
Huanuco	-	-	-	-
Ica	-	-	-	-
La Libertad	14,464	26,504	29,450	29,450
Lambayeque	-	-	-	-
Lima	-	-	-	-
Moquegua	120,332	111,506	106,970	92,487
Pasco	-	-	-	-
Puno	1,575	1,575	1,575	1,575
Tacna	55,201	50,593	50,593	38,000
TOTAL	368,161	369,439	388,725	498,199

Xstrata Tintaya

Department	Amount Distributed			
	2004	2005	2006	2007
Ancash	6,075	-	-	-
Apurimac	34,650	-	-	-
Arequipa	51,962	28,012	21,262	6,412
Ayacucho	7,941	-	-	-
Cusco	202,650	222,549	221,775	182,498
Ica	4,603	-	-	-
Moquegua	4,725	35,325	35,325	-
Tacna	18,000	-	-	-
TOTAL	330,606	285,887	278,363	188,910

Anglo American Quellaveco S.A.

Department	Amount Distributed			
	2004	2005	2006	2007
Moquegua	64,913	93,012	117,509	135,518
Tacna	8,635	11,350	11,927	12,527
TOTAL	73,548	104,362	129,436	148,046

Anglo American Exploration Perú S.A.

Department	Amount Distributed			
	2004	2005	2006	2007
Apurimac	33,105	14,376	14,376	14,376
Arequipa	12,575	31,038	22,467	22,370
Ayacucho	-	7,650	7,650	7,650
Moquegua	-	6,750	26,754	26,682
Tacna	-	3,150	4,500	4,500
TOTAL	45,680	62,965	75,747	75,578

Rio Tinto Minera Perú Limitada S.A.

Department	Amount Distributed			
	2004	2005	2006	2007
Cajamarca	-	-	14,963	12,825
TOTAL	-	-	14,963	12,825

Rio Tinto Mining and Exploration S.A.C.

Department	Amount Distributed			
	2004	2005	2006	2007
Ancash	16,178	1,478	1,478	5,865
Apurimac	9,320	5,400	3,150	10,755
Arequipa	29,725	25,077	17,932	17,932
Ayacucho	6,900	7,068	-	6,750
Cajamarca	-	-	60,285	81,374
Cusco	63,830	25,225	11,580	5,592
Huancavelica	21,038	13,050	2,925	2,925
Ica	78,819	78,844	-	-
Lambayeque	-	-	-	6,750
Lima	11,250	6,300	-	4,613
Moquegua	23,175	27,000	36,225	52,650
Puno	33,960	31,710	30,555	30,555
Tacna	-	15,525	81,900	87,975
TOTAL	294,194	236,676	246,030	313,736

VIII. Findings and final recommendations on the EITI - Peru National Reconciliation Study

The findings of this Study pertain to the objectives set in Section I of the Study "Purpose", as detailed below:

- Perform an independent, reliable and systematic verification of the payments made to the Peruvian government by mining, oil and gas companies operating in national territory (who participate voluntarily and are detailed in the Scope Section) and the revenues that governmental entities have received from such companies during the 2004 – 2007 period.
- Perform a verification of the distribution of the aforementioned revenues on a central, regional and local level during the 2004 – 2007 period, as part of performance of the tax and non-tax obligations set forth in Peruvian applicable laws.

Also, these recommendations refer to improving the collection and distribution reconciling process addressed in this Study. This Study has not included an analysis of the collection and distribution processes followed by the companies and by public entities.

VIII.1 Findings

VIII.1.1 Findings of the Reconciliation Study of payments made to the Peruvian government by the companies adhering to this Study and revenues received by governmental entities from such companies

No significant differences for the period reviewed were found in reconciling Income Tax and royalties. In property fees, a net difference of 9% was found, as detailed below:

- In reconciling the Income Tax of hydrocarbon companies, we found no differences between payments reported by the companies and revenue collected reported by SUNAT.
- In reconciling the Income Tax of mining companies, we found differences pertaining mainly to 3 companies in the years 2004, 2005 and 2007, which account for 0.005% of the total amounts reported in soles and 0.003% of the total amounts reported in US dollars.
- In reconciling mining royalties, we found differences in year 2004, 2005 and 2007, which result from mining royalty late payment penalties in some months (10% of the amount paid by companies), which have been reported by MEF and SUNAT, but not by some companies. Such difference accounts for 0.184% of the reconciled total.
- In reconciling hydrocarbon royalties, we found minor differences resulting mainly from adjustments to the reports by Perupetro (the revenue collection entity). Such difference accounts for 0.001% of the reconciled total.
- In reconciling property fees, we found differences pertaining mainly to payment reports of mining claims by companies who are not the owners thereof. Furthermore, we identified mining claims owned by companies adhering to the Study that have failed to be reported by such companies for reconciling purposes, because they were paid by third parties. On the other hand, the differences also arise from exchange rates used to convert the reported amounts to nuevos soles for reconciling purposes. The total net differences account for 9% of the total reconciled amounts.

VIII.1.2 Findings of the Reconciliation Study of revenues received by governmental entities and the amounts distributed on a central, regional and local level

Since the official information on mining, oil and gas canons, the oil additional canon, and the mining royalties is prepared in aggregate form and does not detail the amounts to be distributed on payments made by each contributing company and because the 33 companies adhering to the Study do not account for 100% of the domestic production of the resources that they extract, the amounts distributed by company were recalculated and it was deemed reasonable that the results of such recalculation (as applicable) be lower than or equal to the official amounts reported by the pertaining public entities (PCM and INGEMMET), from which it can be surmised that the revenues received from these companies shall be distributed amongst the pertaining local communities.

This review showed that for the mining canon, mining royalties, the oil canon and additional canon, recalculation results were lower than or equal to the amounts reported by the PCM, which is consistent with the above methodology.

On the other hand, in connection with reconciling the property fees received by INGEMMET and the amounts distributed by INGEMMET on a central, regional and local level, this review determined that the amount distributed by INGEMMET in most cases accounts for 75% of the amounts received as indicated by applicable regulations. Recalculating this distribution was not necessary, because such information was provided by INGEMMET for each of the companies adhering to the Study.

VIII.2 Recommendations

Even though the reconciliation process was successful, given the fact that the objectives of the Study were accomplished, based on the information provided by public entities and companies, below we make some recommendations intended to increase the efficiency of future reconciliation studies within the frame of the EITI - Peru Study.

VIII.2.1 Recommendations to improve the reconciliation process

Item	Remark	Recommendation
Income Tax	For Income Tax reconciling purposes, only the amount entered in Box 504 of the annual tax returns (in some exceptional cases, we had to subtract the amount in Box 216 from such amount) and the mining or hydrocarbon exhibits of such tax returns filed by the companies was available. As agreed by the EITI - Peru committee, copies of the tax returns to substantiate the figures reconciled were not provided from the start. Because of this, even though the goal was accomplished, the reconciliation process took longer.	For future studies we recommend, to facilitate the reconciling process, providing copies of the annual Income Tax returns to verify the supporting information and make the Study more time-efficient.
Mining Royalty	The tax returns supporting the figures provided by the companies have not been obtained for purposes of reconciling mining royalty collected.	For future studies we recommend, to facilitate the reconciling process, that the companies adhering to the Study provide copies of the monthly mining royalty reports to verify the supporting information and make the Study more time-efficient.
Mining Royalty	Pursuant to the Mining Royalty Law, SUNAT is in charge of collecting the mining royalty and DGAES-MEF of providing such information for the Study. Reconciling required the participation of SUNAT, because DGAES - MEF did not have the data to explain the amounts pending to be reconciled as these arose.	Even though applicable laws set forth the responsibilities associated with the delivery of information, to improve future studies we recommend that the Working Committee makes previous arrangements with SUNAT for this entity to provide such additional information as may be required to explain the amounts pending to be reconciled as they arise.
Income Tax / Mining Royalty / Gas Royalty	In connection with distribution, the only information received was by geographic area, provided by DGAES – MEF, and not by contribution made by each extractive company. Because of this, we have made recalculations to identify the amounts distributed by company, which have been compared to the total distributed by geographic area.	For future studies we recommend that the Working Committee arranges with DGAES – MEF the possibility of obtaining detailed information by company, to allow reconciling the amounts distributed by company.
Property Fee	We found that INGEMMET has no controls in place to monitor title to the mining claims. This means that some holders may be prospecting and/or operating claims to which they hold no title and vice versa; of which INGEMMET is not informed (because this is not required	We recommend implementation by INGEMMET of controls of title to the mining claims.

Item	Remark	Recommendation
	by a legal provision). This makes the Reconciliation Study difficult, because some companies have reported property fee payments for claims to which they hold no title.	
General	For purposes of consistency of the reconciliation, special forms were created to gather information on each of the items to be reconciled and for each type of participant in the Study (companies and public entities). However, such forms were not used by the public entities in charge for Income Tax, mining royalty y property fee purposes.	For consistency of the information required, we recommend that, in future studies, the tools provided by the reconciler be use to make reconciling more efficient.
	At meetings held with the various representatives of the adhering companies and the public entities, we gathered concerns in connection with the application of the amounts received and the amounts distributed.	We recommend expanding the scope future scope to the application of the amounts received and the amounts distributed.

VIII.2.2 Recommendations for Future Reconciliation Studies under Recommended EITI Standards

Item	Remark	Recommendation
Detailed presentation of amounts paid by companies participating in the Reconciliation Study in Peru	<p>Based the analysis of the World Bank Group (WBG) and the Multi-Donor Trust Found for EITI (MDTF) of the various studies conducted until August 2009, for purposes of providing information in the most objective manner and to prevent raising suspicions amongst interest groups, making a detailed presentation of the amounts paid by companies participating in the EITI initiative for each item under review is recommended.</p> <p>At present, and for this Study, the EITI – Peru Working Committee agreed to allow the companies to provide information on payments made for the items applicable to such companies in disaggregated form, that is, showing each amount pertaining to such company, or in aggregate form, that is, showing a total amount for a group of companies; as the companies adhering to the Study elected.</p>	For future reconciliation studies in Peru, we recommend promoting presentation of the payments for the items under review in detailed form by company.
Level of detail of the information on the generation of revenues to be provided	Likewise, for reconciliation studies to be as transparent as possible, where government revenues are associated with the amounts of resources extracted, as is the case with royalties, providing both the amounts assessed and the volumes of resources generating such amounts is recommended. This consideration was not contemplated within the scope of this Study.	We recommend considering the amounts assessed and the resource volumes when defining the scope of future reconciliation studies, to meet the requirements of the EITI initiative in a comprehensive manner.

IX. Exhibits

Exhibit I:	Form: Annual Income Tax: Annual Income Tax Return, Substituting Tax Returns and Amending Income Tax Returns	144
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Exhibit I Annual Income Tax: Annual Income Tax Return, Amending Tax Returns and Substituting Tax

RUC: _____

Company: _____

Item	Ref.	Item / Period	Year 2004			Year 2005		
			PDT 0654			PDT 0656		
			Amount	Filing Date	Form Order No.	Amount	Filing Date	Form Order No.
Third Category Income Tax Return	(A)	Income Tax amount entered in Box 504 of the third category Income Tax Return.						
	(B)	Income Tax amount entered in Box 126 of the third category Income Tax Return.						
Amending Tax Returns	(C)	Income Tax amount entered in Box 504 of the third category Income Tax Return.						
	(D)	Income Tax amount entered in Box 126 of the third category Income Tax Return.						
Substituting Tax Returns	(E)	Income Tax amount entered in Box 504 of the third category Income Tax Return.						
	(F)	Income Tax amount entered in Box 126 of the third category Income Tax Return.						

Instructions to complete the form:

- (A) The company is required to consider all exhibits attached to this tax return; those reporting mining concessions and/or oil and gas lots.
- (B) Amount of payments on account of Income Tax credited against the ITAN.
- (C) **For Amending Tax Returns filed for each annual tax, as indicated in the column, include the amounts for** Income Tax entered in Box 504 of the third category Income Tax Return, in itemised form (insert as many cells as necessary based on the number of Amending Tax Returns filed).
- (D) **For Amending Tax Returns filed for each annual tax, as indicated in the column, include the amounts for** Income Tax entered in Box 126 of the third category Income Tax Return, in itemised form (insert as many cells as necessary based on the number of Amending Tax Returns filed).
- (E) **For Substituting Tax Returns filed for each annual tax, as indicated in the column, include the amounts for** Income Tax entered in Box 504 of the third category Income Tax Return, in itemised form (insert as many cells as necessary based on the number of Substituting Tax Returns filed).
- (F) **For Substituting Tax Returns filed for each annual tax, as indicated in the column, include the amounts for** Income Tax entered in Box 126 of the third category Income Tax Return, in itemised form (insert as many cells as necessary based on the number of Substituting Tax Returns filed).

Exhibit I Annual Income Tax: Annual Income Tax Return, Amending Tax Returns and Substituting Tax Returns

RUC: _____

Company: _____

Item	Ref.	Item / Period	Year 2006			Year 2007		
			PDT o658			PDT o66o		
			Amount	Filing Date	Form Order No.	Amount	Filing Date	Form Order No.
Third Category Income Tax Return	(A)	Income Tax amount entered in Box 504 of the third category Income Tax Return.						
	(B)	Income Tax amount entered in Box 126 of the third category Income Tax Return.						
Amending Tax Returns	(C)	Income Tax amount entered in Box 504 of the third category Income Tax Return.						
	(D)	Income Tax amount entered in Box 126 of the third category Income Tax Return.						
Substituting Tax Returns	(E)	Income Tax amount entered in Box 504 of the third category Income Tax Return.						
	(F)	Income Tax amount entered in Box 126 of the third category Income Tax Return.						

• Check the currency in which figures are expressed	<input type="checkbox"/>	S/.	<input type="checkbox"/>	USD
• Tax stability agreement	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No

Instructions to complete the form:

- (A) The company is required to consider all exhibits attached to this tax return; those reporting mining concessions and/or oil and gas lots.
- (B) Amount of payments on account of Income Tax credited against the ITAN.
- (C) **For Amending Tax Returns filed for each annual tax, as indicated in the column, include the amounts for** Income Tax entered in Box 504 of the third category Income Tax Return, in itemised form (insert as many cells as necessary based on the number of Amending Tax Returns filed).
- (D) **For Amending Tax Returns filed for each annual tax, as indicated in the column, include the amounts for** Income Tax entered in Box 126 of the third category Income Tax Return, in itemised form (insert as many cells as necessary based on the number of Amending Tax Returns filed).

- (E) For Substituting Tax returns filed for each annual tax, as indicated in the column, include the amounts for Income Tax entered in Box 504 of the third category Income Tax Return, in itemised form (insert as many cells as necessary based on the number of Substituting Tax Returns filed).
- (F) For Substituting Tax Returns filed for each annual tax, as indicated in the column, include the amounts for Income Tax entered in Box 126 of the third category Income Tax Return, in itemised form (insert as many cells as necessary based on the number of Substituting Tax Returns filed).

Statement of responsibility of the Management
We hereby acknowledge on behalf of..... *our responsibility for the information contained in this template.*

Legal
Representative _____
Name:
Title:

Exhibit II Mining Royalties

RUC: _____

Company: _____

Month/Year	PDT 698 used as Tax Return			PDT 698 used as Payment Slip			
	Date (A)	Royalty amount reported <u>Box 106</u> (B)	Royalty amount paid <u>Box 598</u> (B)	Form order No.	Date (A)	Royalty amount paid <u>Box 609</u> (C)	Form order No
Jan-04							
Feb-04							
Mar-04							
Apr-04							
May-04							
Jun-04							
Jul-04							
Aug-04							
Sep-04							
Oct-04							
Nov-04							
Dec-04							
Total							
Jan-05							
Feb-05							
Mar-05							
Apr-05							
May-05							
Jun-05							
Jul-05							
Aug-05							
Sep-05							
Oct-05							
Nov-05							
Dec-05							
Total							

Exhibit II (continued)

RUC: _____

Company: _____

Month/Year	PDT 698 used as Tax Return				PDT 698 used as Payment Slip		
	Date (A)	Royalty amount reported <u>Box 106</u> (B)	Royalty amount paid <u>Box 598</u> (B)	Form order No.	Date (A)	Royalty amount paid <u>Box 609</u> (C)	Form order No.
	Jan-06						
Feb-06							
Mar-06							
Apr-06							
May-06							
Jun-06							
Jul-06							
Aug-06							
Sep-06							
Oct-06							
Nov-06							
Dec-06							
Total							
Jan-07							
Feb-07							
Mar-07							
Apr-07							
May-07							
Jun-07							
Jul-07							
Aug-07							
Sep-07							
Oct-07							
Nov-07							
Dec-07							
Total							

• Indicate currency in which figures are expressed S/. USD

Statement of responsibility of the Management

We hereby acknowledge on behalf of..... our responsibility for the information contained in this template.

 Legal Representative
 Name:
 Title:

Exhibit III Hydrocarbon Royalties

Company: _____

Ref.	Item / Period	Year 2004													
		Lot	1st half Jan	2nd half Jan	1st half Feb	2nd half Feb	1st half Mar	2nd half Mar	1st half Apr	2nd half Apr	1st half May	2nd half May	1st half Jun	2nd half Jun	
(A)	Royalty amount paid (USD)														
(B)	Payment date														

Ref.	Item / Period	Year 2004													
		Lot	1st half Jul	2nd half Jul	1st half Aug	2nd half Ago	1st half Sep	2nd half Set	1st half Oct	2nd half Oct	1st half Nov	2nd half Nov	1st half Dec	2nd half Dec	
(A)	Royalty amount paid (USD)														
(B)	Payment date														

Instructions to complete the form:

- (A) Refers to the bi-weekly amount paid by the company for royalties originating in such period.
- (B) Pertains to the date in which payment of the royalty for the indicated period was made.

Exhibit III (continued)

Company: _____

Ref.	Item / Period	Year 2005													
		Lot	1st half Jan	2nd half Jan	1st half Feb	2nd half Feb	1st half Mar	2nd half Mar	1st half April	2nd half April	1st half May	2nd half May	1st half Jun	2nd half Jun	
(A)	Royalty amount paid (USD)														
(B)	Payment date														

Ref.	Item / Period	Year 2005													
		Lot	1st half Jul	2nd half Jul	1st half Aug	2nd half Aug	1st half Sep	2nd half Set	1st half Oct	2nd half Oct	1st half Nov	2nd half Nov	1st half Dec	2nd half Dec	
(A)	Royalty amount paid (USD)														
(B)	Payment date														

Instructions to complete the form:

- (A) Refers to the bi-weekly amount paid by the company for royalties originating in such period.
- (B) Pertains to the date in which payment of the royalty for the indicated period was made.

Exhibit III (continued)

Company: _____

Ref.	Item / Period	Year 2006													
		Lot	1st half Jan	2nd half Jan	1st half Feb	2nd half Feb	1st half Mar	2nd half Mar	1st half April	2nd half April	1st half May	2nd half May	1st half Jun	2nd half Jun	
(A)	Royalty amount paid (USD)														
(B)	Payment date														

Ref.	Item / Period	Year 2006													
		Lot	1st half Jul	2nd half Jul	1st half Aug	2nd half Aug	1st half Sep	2nd half Set	1st half Oct	2nd half Oct	1st half Nov	2nd half Nov	1st half Dec	2nd half Dec	
(A)	Royalty amount paid (USD)														
(B)	Payment date														

Instructions to complete the form:

- (A) Refers to the bi-weekly amount paid by the company for royalties originating in such period.
- (B) Pertains to the date in which payment of the royalty for the indicated period was made.

Exhibit III (continued)

Company: _____

Ref.	Item / Period	Year 2007													
		Lot	1st half Jan	2nd half Jan	1st half Feb	2nd half Feb	1st half Mar	2nd half Mar	1st half April	2nd half April	1st half May	2nd half May	1st half Jun	2nd half Jun	
(A)	Royalty amount paid (USD)														
(B)	Payment date														

Ref.	Item / Period	Year 2007													
		Lot	1st half Jul	2nd half Jul	1st half Aug	2nd half Aug	1st half Sep	2nd half Set	1st half Oct	2nd half Oct	1st half Nov	2nd half Nov	1st half Dec	2nd half Dec	
(A)	Royalty amount paid (USD)														
(B)	Payment date														

Instructions to complete the form:

- (A) Refers to the bi-weekly amount paid by the company for royalties originating in such period.
- (B) Pertains to the date in which payment of the royalty for the indicated period was made.

Statement of responsibility of the Management

We hereby acknowledge on behalf of..... *our responsibility for the information contained in this template.*

Legal Representative

Name:

Title:

Exhibit IV Property Fee

Company: _____

No. of Claim	Year 2004		Year 2005		Year 2006		Year 2007	
	Amount (A)	Payment Date (B)	Amount (A)	Payment Date(B)	Amount (A)	Payment Date(B)	Amount (A)	Payment Date(B)

Instructions to complete the form:

(A) Refers to the amount paid to INGEMMET for property fees based on the information entered in the List of Registered Mines and applying the rates required by law. IMPORTANT: Include all claims registered in the name of the company, regardless of whether the company or a third party has paid for such claims. Indicate cases where the property fee was paid by a third party.

(B) Pertains to the date in which payment of the royalty was made.

Statement of responsibility of the Management

We hereby acknowledge on behalf of..... *our responsibility for the information contained in this template.*

Legal Representative

Name:

Title:

Exhibit V Hydrocarbon Royalty

Company: _____

Company	Ref.	Item / Period	Lot	Year 2004											
				1st half Jan	2nd half Jan	1st half Feb	2nd half Feb	1st half Mar	2nd half Mar	1st half Apr	2nd half Apr	1st half May	2nd half May	1st half Jun	2nd half Jun
	(A)	Amount collected (USD)													
	(B)	Collection date													

Company	Ref.	Item / Period	Lot	Year 2004											
				1st half Jul	2nd half Jul	1st half Aug	2nd half Ago	1st half Sep	2nd half Sep	1st half Oct	2nd half Oct	1st half Nov	2nd half Nov	1st half Dec	2nd half Dec
	(A)	Amount collected (USD)													
	(B)	Collection date													

Instructions to complete the form:

- (A) Refers to the bi-weekly amount paid by the company for royalties originating in such period.
 (B) Pertains to the date in which payment of the royalty for the indicated period was made.

Exhibit V Hydrocarbon Royalty

Company: _____

Company	Ref.	Item / Period	Lot	Year 2005											
				1st half Jan	2nd half Jan	1st half Feb	2nd half Feb	1st half Mar	2nd half Mar	1st half Apr	2nd half Apr	1st half May	2nd half May	1st half Jun	2nd half Jun
	(A)	Amount collected (USD)													
	(B)	Collection date													

Company	Ref.	Item / Period	Lot	Year 2005											
				1st half Jul	2nd half Jul	1st half Aug	2nd half Ago	1st half Sep	2nd half Sep	1st half Oct	2nd half Oct	1st half Nov	2nd half Nov	1st half Dec	2nd half Dec
	(A)	Amount collected (USD)													
	(B)	Collection date													

Instructions to complete the form

- (A) Refers to the bi-weekly amount paid by the company for royalties originating in such period.
 (B) Pertains to the date in which payment of the royalty for the indicated period was made.

Exhibit V Hydrocarbon Royalty

Company: _____

Company	Ref.	Item / Period	Lot	Year 2006											
				1st half Jan	2nd half Jan	1st half Feb	2nd half Feb	1st half Mar	2nd half Mar	1st half Apr	2nd half Apr	1st half May	2nd half May	1st half Jun	2nd half Jun
	(A)	Amount collected (USD)													
	(B)	Collection date													

Company	Ref.	Item / Period	Lot	Year 2006											
				1st half Jul	2nd half Jul	1st half Aug	2nd half Ago	1st half Sep	2nd half Sep	1st half Oct	2nd half Oct	1st half Nov	2nd half Nov	1st half Dec	2nd half Dec
	(A)	Amount collected (USD)													
	(B)	Collection date													

Instructions to complete the form:

- (A) Refers to the bi-weekly amount paid by the company for royalties originating in such period.
- (B) Pertains to the date in which payment of the royalty for the indicated period was made.

Exhibit V Hydrocarbon Royalty

Company: _____

Company	Ref.	Item / Period	Lot	Year 2007											
				1st half Jan	2nd half Apr. Jan	1st half Feb	2nd half Apr. Feb	1st half Mar	2nd half Mar	1st half Apr	2nd half Apr	1st half May	2nd half May	1st half Jun	2nd half Jun
	(A)	Amount collected (USD)													
	(B)	Collection date													

Company	Ref.	Item / Period	Lot	Year 2007											
				1st half Jul	2nd half Jul	1st half Aug	2nd half Ago	1st half Sep	2nd half Sep	1st half Oct	2nd half Oct	1st half Nov	2nd half Nov	1st half Dec	2nd half Dec
	(A)	Amount collected (USD)													
	(B)	Collection date													

Instructions to complete the form:

(A) Refers to the bi-weekly amount paid by the company for royalties originating in such period.

(B) Pertains to the date in which payment of the royalty for the indicated period was made.

Statement of responsibility of the Management

We hereby acknowledge on behalf of..... our responsibility for the information contained in this template.

Legal Representative

Name:

Title:

Exhibit VI Property Fee

Company	No. of Claim	Year 2004		Year 2005		Year 2006		Year 2007	
		Amount (A)	Payment Date (B)	Amount (A)	Payment Date (B)	Amount (A)	Payment Date (B)	Amount (A)	Payment Date (B)

Instructions to complete the form:

- (A) Refers to the amount charged for property fees based as reported in the List of Registered Mines and applying the ratios according to law.
- (B) The date in which the company paid the property fee.

Statement of responsibility of the Management

We hereby acknowledge on behalf of..... *our*
responsibility for the information contained in this template.

 Legal Representative
 Name:
 Title:

Exhibit VII Confidentiality Agreement

This Confidentiality Agreement is entered into by and between:

- [____], identified by RUC No. [____], duly represented by [____], identified by [____] No. [____], pursuant to the power of attorney in registry file No. [____] of the Lima and Callao Register of Legal Entities (*Registro de Personas Jurídicas de la Oficina Registral de Lima y Callao*); both with registered office for the purposes hereof at [____]; hereinafter referred to as [____], as party of the first part; and
- **MEDINA, ZALDIVAR, PAREDES & ASOCIADOS SOCIEDAD CIVIL DE RESPONSABILIDAD LIMITADA**, identified by RUC No. 20504645984, duly represented by Mr. Carlos Valdivia, identified by National Identity Document No. 07876578; with registered office for the purposes hereof at Avenida Víctor Andrés Belaúnde 171, sexto piso, District of San Isidro, Lima; a company hereafter referred to as "**MEDINA, ZALDIVAR, PAREDES & ASOCIADOS S.Civil de R.L.**" as party of the second part.

This Confidentiality Agreement is entered under the following terms and conditions:

ONE.- BACKGROUND

Within the frame of the contract for preparation of the EITI National Reconciliation Study entered into by and between **MEDINA, ZALDIVAR, PAREDES & ASOCIADOS S. Civil de R. L.** and the Ministry of Energy and Mines (hereinafter "the Services Contract"), the parties accept that **MEDINA, ZALDIVAR, PAREDES & ASOCIADOS S.Civil de R.L.** may receive from [____], information of a reserved and confidential nature.

In this connection, the parties state that they wish to protect the secrecy of such information under the terms and conditions hereof.

TWO.- PURPOSE

MEDINA, ZALDIVAR, PAREDES & ASOCIADOS S.Civil de R.L. hereby agrees to [____] to perform the confidentiality obligations contained in the following clauses.

THREE.- CONFIDENTIAL INFORMATION

The parties agree that, as used herein, "Confidential Information" shall be understood as all such information made available to **MEDINA, ZALDIVAR, PAREDES & ASOCIADOS S.Civil de R.L.** by [____], as a result of execution and performance of the Services Contract, regardless of the physical support containing such information, provided such information has been expressly identified as confidential by [____].

FOUR.- TERM AND SCOPE OF THE CONFIDENTIALITY DUTY

- 4.1. **MEDINA, ZALDIVAR, PAREDES & ASOCIADOS S.Civil de R.L.** acknowledges and accepts the confidential and reserved nature of the Confidential Information and agrees to perform the confidentiality duty in connection therewith during the term of this Agreement and for two (2) years as from expiry or termination hereof.

In connection with publication of the National Reconciliation Study, the final report on such Study will be disclosed in full, complying with the desire for confidentiality as companies participating in

this initiative may have stated. Accordingly, the EITI Working Committee will obtain and share with the Reconciler a copy of the written intent on this matter that each participating company may submit, whereby this Committee releases the Reconciler from any liability and consequences of disclosure of such final report.

Therefore, unless authorised in writing by [_____] or as allowed in this agreement, **MEDINA, ZALDIVAR, PAREDES & ASOCIADOS S.Civil de R.L.** shall not disclose to any individual or legal entity the contents of the Confidential Information unless authorised in writing by [_____] or in such other cases as may be allowed in this agreement.

- 4.2. Notwithstanding the provisions in Sub-clause numeral 4.1 above, **MEDINA, ZALDIVAR, PAREDES & ASOCIADOS S.Civil de R.L.** may deliver the Confidential Information to its officers, representatives, advisors and employees who so require in performance of the Services Contract. In such case, **MEDINA, ZALDIVAR, PAREDES & ASOCIADOS S.Civil de R.L.** agrees to cause the aforementioned persons to acknowledge the obligation of keeping the Confidential Information under strict confidential reserve.

FIVE.- NON-CONFIDENTIAL INFORMATION

- 5.1 The confidentiality obligation of **MEDINA, ZALDIVAR, PAREDES & ASOCIADOS S.Civil de R.L.** under this agreement shall not be extensive to such information that:
- 5.1.1. Is public or becomes public after execution hereof, unless it becomes public as a result of any breach on the obligations of **MEDINA, ZALDIVAR, PAREDES & ASOCIADOS S.Civil de R.L.** hereunder.
 - 5.1.2. Is lawfully available to the general public or legally obtained by **MEDINA, ZALDIVAR, PAREDES & ASOCIADOS S.Civil de R.L.** from third parties other than [_____] or their representatives or personnel, with no obligation to keep confidential reserve.
 - 5.1.3. Is directly or indirectly generated by **MEDINA, ZALDIVAR, PAREDES & ASOCIADOS S.Civil de R.L.**, its subsidiaries or affiliates.
 - 5.1.4. **MEDINA, ZALDIVAR, PAREDES & ASOCIADOS S.Civil de R.L.** may evidence that it was in possession or had knowledge thereof prior to execution hereof.

SIX.- RETURN OF INFORMATION

- 6.1. The parties expressly agree that the Confidential Information written or contained in any mechanical, electronic, magnetic, digital or similar support that [_____] delivers to **MEDINA, ZALDIVAR, PAREDES & ASOCIADOS S.Civil de R.L.** shall continue to be proprietary information of [_____]. Therefore, **MEDINA, ZALDIVAR, PAREDES & ASOCIADOS S.Civil de R.L.** shall use the Confidential Information only for the purposes for which such Confidential Information is delivered to it.
- 6.2. The parties agree that the Confidential Information written or contained in any mechanical, electronic, magnetic, digital or similar support will be returned by **MEDINA, ZALDIVAR, PAREDES & ASOCIADOS S.Civil de R.L.** to [_____] immediately upon completion of the Services Contract, unless **MEDINA, ZALDIVAR, PAREDES & ASOCIADOS S.Civil de R.L.** is expressly authorised in writing to keep any such documentation, which authorisation shall detail the documentation which **MEDINA, ZALDIVAR, PAREDES & ASOCIADOS S.Civil de R.L.** will be allowed to keep. In any case, **MEDINA, ZALDIVAR, PAREDES & ASOCIADOS S.Civil de R.L.** may keep copies of the Confidential Information that allows performance of the Services Contract.

SEVEN.- DELIVERY OF INFORMATION BY LEGAL ORDER

- 7.1. In the event that **MEDINA, ZALDIVAR, PAREDES & ASOCIADOS S.Civil de R.L.** is required by a court or an administrative order or by an order of a different nature to disclose or deliver Confidential Information or any information pertaining to [_____] or the Services Contract, **MEDINA, ZALDIVAR, PAREDES & ASOCIADOS S.Civil de R.L.** shall give [_____] written notice immediately, provided such notice is not forbidden by court, for [_____] to take such protection measures as may be necessary.
- 7.2. In the event that **MEDINA, ZALDIVAR, PAREDES & ASOCIADOS S.Civil de R.L.** is forbidden by court to give [_____] notice of the requirement of the competent authority to disclose or deliver Confidential Information or any information pertaining to [_____] ,**MEDINA, ZALDIVAR, PAREDES & ASOCIADOS S.Civil de R.L.** shall take such protection measures as may be necessary so safeguard the information required.
- 7.3. Should the protection measures referred to in the foregoing Sub-clauses fail to be obtained by [_____] ,**MEDINA, ZALDIVAR, PAREDES & ASOCIADOS S.Civil de R.L.** may disclose only such information as may be strictly necessary, making its best efforts to ensure that such information is afforded confidential treatment.

EIGHT.- TERM

This agreement shall be in force and effect during performance term of the Services.

NINE.- GOVERNING LAW, SETTLEMENT OF DISPUTES AND JURISDICTION

- 9.1. The parties expressly agree that all provisions of hereof shall be governed by the laws of the Republic of Peru.
- 9.2. The parties agree that any doubt, dispute, disagreement or claim in connection with or arising from this agreement, including the validity, effect or termination hereof, even in connection with the arbitration award, shall be settled directly by the parties. For this purpose, the parties agree hereby to make their best efforts, based on the rules of good faith and the common intent to settle any such eventual situation.

9.3. In the event that the parties fail to settle any doubt, dispute, disagreement or claim in connection with or arising from this agreement, including the validity, effect or termination hereof, even in connection with the arbitration award, any party may submit the above to arbitration according to Peruvian law (*arbitraje de derecho*) under applicable laws and the rules of the National and International Settlement and Arbitration Centre of the Lima Chamber of Commerce, to the rules, administration and decision of which the parties unconditionally submit, stating to know them and accept them in full. The parties agree that arbitration shall be conducted by three (3) arbitrators, one elected by each party and the third by the two arbitrators so elected, who is to preside the court of arbitration. The arbitration award shall be final and binding.

Arbitration expenses incurred by the parties shall be borne by the party ruled against.

9.4. Without prejudice to the foregoing, parties agree to submit non-arbitration disputes to the jurisdiction and competence of the Judges and Courts of the Court District of Cercado de Lima (*Distrito Judicial del Cercado de Lima*), waiving hereby to the venues of their places of business.

Executed in two counterparts of identical contents in Lima, on this [] day of June, 2009.

[]
[name]
[DNI]

Legal Representative of Medina, Zaldivar, Paredes
y Asociados Sociedad Civil de Responsabilidad
Limitada, a member firm of Ernst & Young
CARLOS VALDIVIA
DNI 07876578

Exhibit VIII Information Request Letter to SUNAT

Information Request Letter to SUNAT

Lima, June [], 2009

Messrs.

Superintendencia Nacional de Administración Tributaria - SUNAT
Attention: División de Servicios al Contribuyente (Taxpayer Services Division)

Dear Sirs,

[] (hereinafter the "Company"), with Taxpayer Registration No. [], with registered office at [], Lima, duly represented by its General Manager Mr. [], identified by National Identity Document (DNI) No. [], pursuant to the power of attorney in Registry File No. [] of the Lima and Callao Registry of Legal Entities (*Registro de Personas Jurídicas de la Oficina Registral de Lima y Callao*); hereby respectfully states:

Under procedure No. 58 of the Consolidated Text of Administrative Procedures (TUPA) (request for reporting determined and informational tax return filed by telematic and electronic means) the Company hereby requests access to and delivery of copies of the information detailed in the **Exhibit** attached to this communication (hereinafter the "Information").

For purposes of handling of this request, we authorise the following persons for any of them to take any formal steps and perform any acts as may be necessary to obtain and/or collect the Information:

Name	DNI
1. Carlos Valdivia	07876578
2. Numa Arellano	25824784
3. Miriam Santivañez	09992507
4. Lisseth Palacios	41194897
5. Renzo Valera	40671148
6. Carla Mazzei	40305184
7. Francisco Rojas	10797510
8. Patricia Espinoza	40510914

For promptness of response to this request, the Company requests that, without prejudice to the notice to be given at our registered office, you also notify us to the fax number [] (Attention: []).

Thanking you in advance for your kind attention, we remain,

Truly yours,

[]

Exhibit

Periods requested: This request for information shall cover the 2004 to 2007 fiscal period.

Tax returns requested shall include any amendments or substitutions for the aforementioned fiscal period.

The detail of the requested information is as follows:

1. Income Tax

Forms	Information requested for each Form
– PDT 0654 - Fiscal Year 2004 Third Category Income Tax Return.	– RUC and corporate name.
– PDT 0656 - Fiscal Year 2005 Third Category Income Tax Return.	– Form order number.
– PDT 0658 - Fiscal Year 2006 Third Category Income Tax Return.	– Fiscal period.
– PDT 0660 - Fiscal Year 2007 Third Category Income Tax Return.	– Form filing date.
	– Reporting currency
	– Box 504
	– Box 126

Mining companies reporting information attached to the Annual Income Tax shall provide the following information for each concession or Economic Administrative Unity (UEA):

Concession or UEA Code	Currency	Income Tax	Other credits not eligible for reimbursement
XXXXX		XXXXX	XXXXX

Companies that extract hydrocarbons and report information attached to their Annual Income Tax Return shall provide the following information by Lot engaged in prospecting or in operations, as applicable:

N° of Lot in Prospecting or Operation	Currency	Income Tax
XXXXX		XXXXX

2. Mining Royalties (PDT 698)

PDT 698 used as Tax Return	PDT 698 used as Payment Slip
– RUC and corporate name.	– RUC and corporate name.
– Form order number.	– Form order number.
– Fiscal period.	– Fiscal period.
– Form filing date.	– Form filing date.
– Reporting currency	– Tax Return Form order number.
– Box 106 – Royalties payable	– Box 609: Total amount payable.
– Box 598 – Total amount payable.	

Exhibit IX Classification of companies adhered to the EITI National Reconciliation Study into PRICOs and MEPECOS

No.	Company	RUC N°	Prico	Mepeco
1	Hunt Oil Company of Perú L.L.C.	20467685661	National Prico	
2	Maple Gas Corporation del Perú S.R.L.	20195923753	National Prico	
3	Olympic Perú INC, Sucursal del Perú	20305875539	National Prico	
4	Perenco Perú Limited, Sucursal del Perú	20332473388	National Prico	
5	Petrobras Energía Perú S.A.	20356476434	Prico Piura	
6	Pluspetrol Norte S.A.	20504311342	National Prico	
7	Pluspetrol Perú Corporation S.A.	20304177552	National Prico	
8	Pluspetrol Camisea S.A.	20510889135	National Prico	
9	Repsol Exploración Perú, Sucursal del Perú	20258262728	National Prico	
10	Company de Minas Buenaventura S.A.A	20100079501	National Prico	
11	Company Minera Antamina S.A.	20330262428	National Prico	
12	Company Minera Argentum S.A.	20507845500	National Prico	
13	Company Minera Milpo S.A.A.	20100110513	National Prico	
14	Company Minera Raura S.A	20100163552	National Prico	
15	Empresa Minera Los Quenuales S.A.	20332907990	National Prico	
16	Minera Bateas S.A.C.	20510704291	National Prico	
17	Minera Pampa de Cobre S.A.	20268062671	National Prico	
18	Minera Yanacocha S.R.L.	20137291313	National Prico	
19	Minsur S.A.	20100136741	National Prico	
20	Pan American Silver S.A.C. - Mina Quiruvilca	20100120152	National Prico	
21	Perubar S.A.	20100136237	National Prico	
22	Sociedad Minera Cerro Verde S.A.A.	20170072465	Prico Arequipa	
23	Southern Peru Copper Corporation, Sucursal del Perú	20100147514	National Prico	
24	Xstrata Tintaya S.A.	20114915026	Prico Cusco	
25	Minera Barrick Misquichilca S.A.	20209133394	National Prico	
26	Sociedad Minera El Brocal S.A.A.	20100017572	National Prico	
27	Inversiones Mineras del Sur S.A.	20100088241	National Prico	
28	Cedimin.S.A.C	20101283586	National Prico	
29	Anglo American Michiquillay S.A.	20516023318	National Prico	
30	Anglo American Quellaveco S.A.	20137913250		Mepeco Lima
31	Anglo American Exploration Perú S.A.	20433819544	Prico Lima	
32	Río Tinto Minera Perú Limitada S.A.C.	20512365648	National Prico	
33	Río Tinto Mining and Exploration S.A.C.	20213053915	Prico Lima	

PRICO: Major Taxpayer

MEPECO: Medium and Small Taxpayer

Exhibit X Acronyms and Glossary of Terms

Exhibit X.1 Acronyms

UEA	Economic Administrative Unit (<i>Unidad Económica Administrativa</i>)
DGH	General Hydrocarbons Bureau (<i>Dirección General de Hidrocarburos</i>)
DGM	General Mining Bureau (<i>Dirección General de Minería</i>)
MEF	Ministry of Economy and Finance
MEM	Ministry of Energy and Mines
INGEMMET	Geological, Mining and Metallurgical Institute (<i>Instituto Geológico Minero y Metalúrgico</i>)
OSINERGMIN	Energy and Mining Investment Supervisory Agency (<i>Organismo Supervisor de la Inversión en Energía y Minería</i>)
PCM	Presidency of the Cabinet of Ministers (<i>Presidencia del Consejo de Ministros</i>)
SUNAT	National Tax Administration Superintendence (<i>Superintendencia Nacional de Administración Tributaria</i>)
EITI	Extractive Industries Transparency Initiative
PRICO	Major Taxpayers
DGAES-MEF	Economic and Social Affairs Bureau of the Ministry of Economy and Finance (<i>Dirección General de Asuntos Económicos y Sociales del Ministerio de Economía y Finanzas</i>)
DGTP-MEF	General Public Treasury Bureau of the Ministry of Economy and Finance (<i>Dirección General del Tesoro Público del Ministerio de Economía y Finanzas</i>)
EY	Ernst & Young
IIAP	Peruvian Amazon Research Institute (<i>Instituto de Investigaciones de la Amazonía Peruana</i>)
PDT	Telematic Tax Return Programme (<i>Programa de Declaración Telemática</i>)
IR	Income Tax
DV	Property Fee
RM	Mining Royalty
RH	Hydrocarbon Royalty

Exhibit X.2 Glossary of Terms

Accrual

The payment obligation assumed in a Budgetary Document as a result of the respective commitment. Includes settlement, identification of the creditor, and determination of the amount, through the respective official document.

Barrel (bl)

The capacity measurement unit for Liquid Hydrocarbons, consisting of forty-two (42) gallons of the United States of America, corrected to a temperature of 15,55° C (60°F), at sea-level pressure, without water, mud or other sediments.

Canon

Canon is the actual and adequate share to which regional and local governments are entitled in the income and revenues received by the government for the extraction of natural resources for economic purposes (Canon Law).

Cartography

The science dealing with the study and preparation of maps.

Central Government

The group of entities consisting of Ministries, Offices and other entities within the scope of the Executive Branch. The Central Government includes the agencies thereof that operate regionally or locally.

Charge

The payment generated by actual provision by the government of a public service individualised in the taxpayer.

Concentrate

An intermediate fine and dust-like product of the ore crushing process formed by separation of a valuable metal from waste.

Current Year (Property Fee)

The year in course, for which the property fee or the penalty, as applicable, are payable, in accordance with the extension appearing in the List of Registered Mines.

Determination Decision

The Determination Decision is the act whereby the Tax Administration gives the tax debtor notice of the result of its work intended to control performance of tax obligations, and establishes the existence of a tax credit or debt (Article 76 and 77, Tax Code).

Distribution ratio

A ratio determined by applying statistical data such as poverty rates, population number and money amounts to be distributed, for purposes of determining the pro rata portion that a specific geographic area will receive as a benefit.

Economic Administrative Unit (or Production Unit)

The set of mining concessions independent from each other that is set up to meet minimum production and investment requirements. These units are to be located within a radius ranging from 5, 10 to 20 km, according to the type of substance extracted.

Exchange Rate

Value of a currency in terms of another currency.

Fines

Financial resources obtained by the government from the enforcement of penalties or any other provisions determining monetary penalties for failure to perform obligations or for breaches of law.

Monetary penalty (payable in cash) imposed for of law or of regulations.

Fiscal Year

The period in which Budget Implementation of income and expenses occurs. Corresponds to the calendar year.

Gallon (GL)

Volume measurement unit for liquids, equal to 3,78533 litres. Known as Gallon of the United States of America.

Gas Royalty

The fee paid by extractive companies of the gas sector to the Peruvian government for the extraction of gas resources in national territory under Law 27506 (year 2001). This law is applicable to companies conducting production activities in Departments where no previous laws on hydrocarbon production activities existed. Companies that have produced gas before enactment of the aforementioned Law shall continue under the oil canon methodology.

General Hydrocarbon Bureau

The entity in charge of proposing and/or enacting, as applicable, the laws and regulations of the Hydrocarbon Subsector applicable to hydrocarbon facilities and prospecting, extraction, and underground operations, and storage, processing, transportation by pipelines, as well as Safety and Environment, and promoting development thereof and monitoring the implementation of policies and regulations of the Subsector.

General Mining Bureau

The entity in charge of proposing and/or enacting, as applicable, the laws and regulations of the Mining Subsector for prospecting, exploration, development, mining, concentration, smelting and refining activities, promoting development thereof and monitoring the implementation of policies and regulations of the Subsector.

Geological, Mining and Metallurgical Institute (*Instituto Geológico Minero y Metalúrgico* - INGEMMET)

The entity in charge of granting Mining Concession Titles, managing the National Mining Cadastre, the property fee and penalties, with transparency and legal certainty. Through research, **INGEMMET** is also in charge of managing and efficiently disseminating geo-scientific information to promote investment, support development planning and contribute to a better quality of life for Peruvians.

Handling Fee

An amount to be paid to file a mining concession application or for any other filings as required in the TUPA.

Hectare

Area of land equal to 10,000 square metres or 2.471 acres.

Holder

An individual or legal entity who has been granted or recognised by the government a right to develop prospecting and/or operation activities on a source of mineral or hydrocarbon wealth.

Hydrocarbon Activities

Oil-related operations pertaining to prospecting, operation, transformation or refining stages, transportation, marketing and storage of hydrocarbons.

Hydrocarbon Deposit

Surface area below which one or more Deposits are producing or are proven capable of producing hydrocarbons.

Hydrocarbon Production Monitoring

The hydrocarbons produced in a certain Contract Area, measured and monitored under the terms and conditions agreed in each Contract.

Hydrocarbon

Organic compound, in gas, liquid or solid form, consisting mainly of carbon and hydrogen.

Individuals

In tax terms, individuals are such physical or individual persons, including men and single, widowed or divorced women as well as married women who earn income from their personal work. For tax obligation purposes, marital partnerships and undivided estates are also considered individuals. (Días Mosto. Volume IV Page 19).

Investment Expenditures

Investment expenditures generate profit (as investment in stock) or are applied to the purchase of durable assets, including, but not limited to, furniture, machinery, equipment, and infrastructure. Also known as "capital" expenditure.

Legal Entities

Unlike the "individual", a legal entity is an organisation vested with rights according to law, entitled to assume obligations, which may be represented in or out of court. (Días Mosto. Volume IV, Page 19).

Levy

Payment, usually in cash, that the government, in exercise of its authority, requires by law to cover the expenses incurred by the government in performance of its duties. The Tax Code governs the legal relationships originated by taxes. For these purposes, the generic term tax includes taxes, levies and charges (Rule II of the Tax Code).

Licence Agreement

Under Law 26221, the agreement entered between PERUPETRO S.A. and the Contractor, whereby the Contractor is authorised to prospect or extract hydrocarbons in the Agreement area, under which Agreement PERUPETRO transfers to the Contractor title to the extracted hydrocarbons in exchange for a royalty for the government.

List of Registered Mines

The document that serves as a basis for payment of the property fee and penalty.

Local Government

Province, District and Delegate Municipalities according to Law, which make up –under the Peruvian Political Constitution- the Local Government bodies. These municipalities are politically, economically, and administratively autonomous in matters under their competence.

Market Value

The recoverable value of inventories and other realizable assets in the normal conduct of business.

Metallic Minerals

Minerals with metallic bonds, that have lustre and are ductile, malleable and tenacious, good heat and electricity conductors, and usually dense. Examples: gold, silver, copper, zinc, etc.

Mineral

A homogeneous substance occurring in nature that has definite physical properties and chemical composition and, if formed in favourable conditions, have a defined crystal shape.

Mines

Mines are the sources of materials with mineral contents located close to the surface or underground.

Mining Component

For non-metallic minerals, the product obtained at the end of the treatment processes in accordance with the activities regulated by law, not including subsequent industrial or manufacturing processes. For metallic minerals, the mining component is the concentrate or equivalent product.

Mining Concession

A mining concession grants the holder thereof the right to prospect and mine the resources under the concession located within a solid of indefinite depth, limited by vertical planes corresponding to the sides of a closed square, rectangle or polygon, the vertices of which refer to Universal Transversal Mercator (UTM) coordinates. The mining concession is real property different and separate from the property on which it is located. Integral and accessory parts of the mining concession maintain their status of real property even if they are located outside the perimeter thereof,

unless differentiation of accessory parts is agreed under contract. Work intended to tap the substances in the concession area are part of the mining concession. Accessory parts are all assets owned by the concession holder that are permanently applied for the economic purposes of the concession.

Mining Concession Application (known as *petitorio* in Peru)

Mining concession application filed with INACC.

Ministry of Energy and Mines

The entity of the Executive Branch in charge of developing and evaluating, in consistency with the overall policy and plans of the government, national electricity, hydrocarbon, and mining policies.

Monitored Hydrocarbon

Hydrocarbon in a Contract Area, measured at a Production Monitoring Point.

Monitoring Authority

The authority vested on the Tax Administration to inspect, investigate, and control performance of tax obligations, including those of subjects exempted from tax obligations or entitled to tax benefits. (Article 62 of the Tax Code).

National Mining Cadastre

The physical makeup appearing in cartographic documents of the boundaries of areas subject to Mining Titles or requests for prospecting or mining minerals, as well as reserved areas intended for purposes including, but not limited to, public use; natural parks; ecological, agricultural or livestock protection areas; and urban perimeters.

Natural Gas

Hydrocarbon mix in gaseous state. May be found in nature as Associated and Non-Associated Natural Gas. Hydrocarbons can be wet if they contain Condensate and dry if they do not.

Non-Metallic Minerals

Minerals with covalent or ionic chemical bonds with other chemical elements, non-lustrous, usually brittle when they appear in solid form, bad heat and electricity conductors, used even for isolation and with lower density than metals. Examples include salt, sand, carbon, fluorine, phosphorus, chlorine, etc.

Nuevo Sol

The legal tender in Peru since July 1991. (Average exchange rate for US dollar is 3 nuevos soles).

Oil (or Petroleum)

A hydrocarbon mix found in liquid state at the initial pressure and temperature conditions of the Field and maintaining mainly a liquid state at atmospheric conditions. Does not include Natural Gas or Liquefied Natural Gas condensates or liquids.

Oil Royalty

The fee paid by extractive companies of the oil sector to the Peruvian government for extraction of hydrocarbon resources in national territory. Such Royalty is determined and received by Perupetro.

Operation

Activities associated with an ore deposit, which start at the point where the existence of economically recoverable reserves can be reasonably estimated and, in general, continue until start-up of commercial operation. It refers to the activity of extracting ore or hydrocarbons contained in a deposit or field, as applicable.

Payment Order

The Payment Order is the act whereby the Administration demands the tax debtor to pay off the tax debt, for which purpose the Determination Decision need not be issued (Article 78, Tax Code).

Penalty Decision

Monetary penalty (payable in cash) imposed for breaches of law or of regulations.

Possible Reserves

Hydrocarbon Reserves with lower degree of certainty of being recovered than Proven and Probable Reserves.

Previous Year (Property Fee)

The year containing the overdue and unpaid amount of property fee or penalty debts.

Probable Reserves

Estimated Hydrocarbon Reserves with a low degree of probability, insufficient to define whether or not they may be recovered.

Property Fee Distribution

The process whereby the revenue collected as property fees and penalties are allocated to local governments and Mining and Energy Sector Entities, at the ratios set forth by law.

Property Fee

An amount to be paid to file a mining concession application and subsequently to keep the application in force and effect.

Prospecting

The activity intended to determine the size, position, characteristics, reserves and values of ore deposits or hydrocarbon fields.

Proven Reserves

Estimated quantities of hydrocarbons on a given date, the existence of which is reasonably proven by geological and engineering information, which may be recovered under the economic conditions, operation methods and governmental regulations then in force at the time.

Public Investment Project

Any intervention limited in time implying the application of public resources to expand, improve and upgrade the capacity to produce goods or provide services, the benefits of which are independent from those of other projects.

Public Treasury

The public assets managed by the Central Government. Revenues of the Public Treasury proceed from the application of taxes, charges, contributions, property revenues, fines and other penalties, etc. Also known as the Exchequer.

Refinery

Industrial facility where Oil, natural gasolines or other hydrocarbon sources are converted to Liquid Fuel. May include diverse products such as Lubricants, Asphalt, Tar, Solvents, etc.

Regional Government

The Temporary Regional Administration Councils (*Consejos Transitorios de Administración Regional*) (Departmental CTARs) according to Law N° 26922). CTARs are politically, economically, and administratively autonomous in matters under their competence and are in charge, within their jurisdiction, of coordinating and implementing regional socio-economic plans, as well as of managing activities and services to be performed by the government according to law. Their assets and the revenues owned by the Regions are established by law. Regions provide support to Local Governments but do not substitute them or duplicate their actions or competence.

Resident Person

Any person, whether an individual or a legal entity, registered in the tax registers of the country where such person operates.

Revenue Collection

The process of collecting income, whereby the government receives public resources from taxes, without generating any repayment obligation.

Royalty

A monetary amount that a concession holder or operator of a prospecting operation or a mining property pays at regular intervals to the landowner. Usually based on a certain amount per tonne or a percentage of the total production or the earnings. Also, a fee paid for the right to use a proprietary process.

Single Taxpayer Registry (*Registro Único de Contribuyentes* or *RUC*)

The National Tax Administration Superintendence Register containing information on every individual or legal entity, undivided estate, *de facto* partnership or other collective entity, whether Peruvian or foreign and whether or not residing in Peru that, under applicable laws is a taxpayer and/or liable for taxes managed by SUNAT.

SUNAT

The National Tax Administration Superintendence is a decentralised Public Entity of the Economy and Finance Sector organised as a Public Law legal entity, with its own assets and financial, administrative, functional, and technical autonomy, whose role is to manage, monitor and collect internal revenue taxes and levies (including Income Tax and mining royalties) other than municipal taxes, and perform the same duties in connection with contributions to the Peruvian Social Security (ESSALUD) and the Pension Standardising Office (ONP).

Tax Debt

The debt consisting of taxes, penalties and/or interest. Interest includes default interest for late payment of the tax referred to in Article 33, the default interest applicable to penalties referred to in Article 181, and interest for deferral and/or fractioning of payment set forth in Article 36 of the Tax Code. (Article 28 of the Tax Code).

Tax Debtor

The tax debtor is the person required to make all tax payments pertaining to it as taxpayer or as the person in charge of an operation. (Article 7 of the Tax Code).

Tax Obligation

The tax obligation, which is a public law obligation, is the relationship between the tax creditor and the tax debtor, established by law, intended to ensure payment of taxes. The tax obligation is coercively enforceable. (Article 1, Tax Code).

Tax Return

The statement of facts communicated to the Tax Administration as required by Law, Regulations, a Resolution of the Superintendence or similar provision, which may serve as a basis for determination of the tax obligation. (Article 88, Tax Code).

Taxation

Refers to the set of obligations to be performed by citizens in connection with their revenues or property, or with the goods or for the services that they provide, for the benefit of the government, to support and supply public services such as, defence, transportation, communications, education, health, housing, etc.

Taxpayer

Taxpayer is the person who performs, or in connection with whom the fact generating the tax obligation is generated. (Article 8, Tax Code).

Tax

This is a levy that, duly paid, does not create a direct payment obligation from the government to the taxpayer.

Tonne (metric tonnes)

Mass unit equal to 1,000 kilogrammes or 2,204.6 pounds.

UTM (Universal Transversal Mercator) Coordinate

The coordinate system based on the Universal Transversal Mercator map projection.

Well

A cavity in the earth's crust resulting from drilling made to discover or produce hydrocarbons, inject water or gas, or for other purposes.

Working Capital

A measure of the ability of a company to continue with the normal conduct of its business in the short term.

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Ernst & Young is a global leader in assurance, tax, transaction and advisory service. Our 500 professionals in Peru, who are part of our 135,000 professionals worldwide, share the same values and a firm commitment to quality. We make a difference helping our people, customers and communities to accomplish their potential.

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