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Cover page: *Preparing explosive for blasting at Toquepala mine*

## Operating highlights

(tons)

Operating area or plant	2004	2003
<b>Toquepala</b>		
Total material moved (000's)	115,120 R	105,242
Ore milled (000's)	21,807 R	21,208
Concentrate produced	580,110 R	505,236
Copper in concentrate	160,852 R	142,373
Molybdenum produced	6,004 R	4,153
<b>Cuajone</b>		
Total material moved (000's)	101,265	97,471
Ore milled (000's)	29,319	29,798
Concentrate produced	752,941 R	710,004
Copper in concentrate	194,389 R	184,528
Molybdenum produced	4,657	4,867
<b>SX/EW</b>		
Treated solutions (thousands of cubic meters)	45,903 R	43,604
Cathodes produced	42,125	47,756
<b>Smelter</b>		
Concentrates smelted	1,213,030 R	1,182,870
Blister produced	320,722	314,920
<b>Refinery</b>		
Cathodes produced	280,679	284,006
<b>Total Cu SPCC</b>	<b>387,870 R</b>	<b>366,890</b>
<b>Total Cu SPCC (000's of pounds)</b>	<b>855,106 R</b>	<b>808,853</b>
<b>Total Mo</b>	<b>10,661 R</b>	<b>9,020</b>

R: Production records

Copper Reserves	2004	2003
<b>Unit</b>	<b>MINERAL RESERVES (000's TONS) DECEMBER 31, 2004</b>	<b>AVERAGE COPPER CONTENT (%) DECEMBER 31, 2004</b>
<b>Toquepala</b>		
Sulfides	597,817	0.73
Leachable	1,732,229	0.18
<b>Cuajone</b>		
Sulfides	1,093,883	0.64
Leachable	57,348	0.40

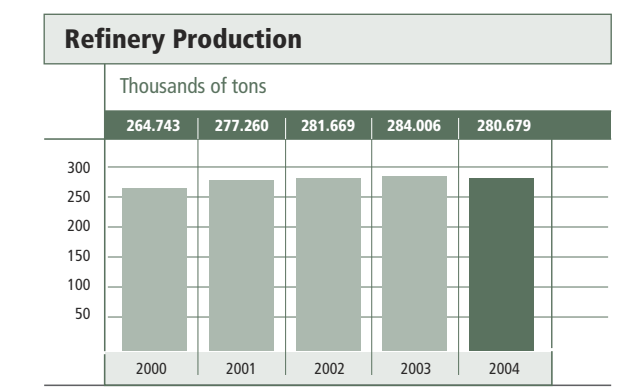
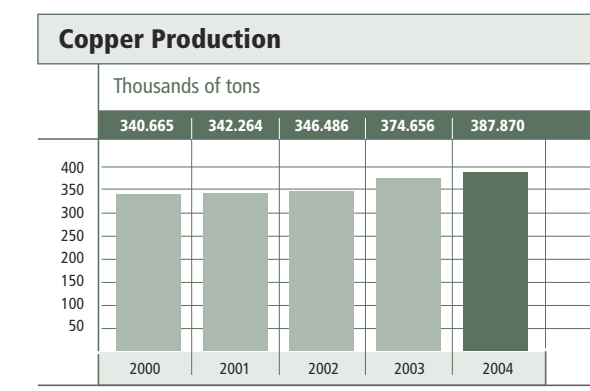
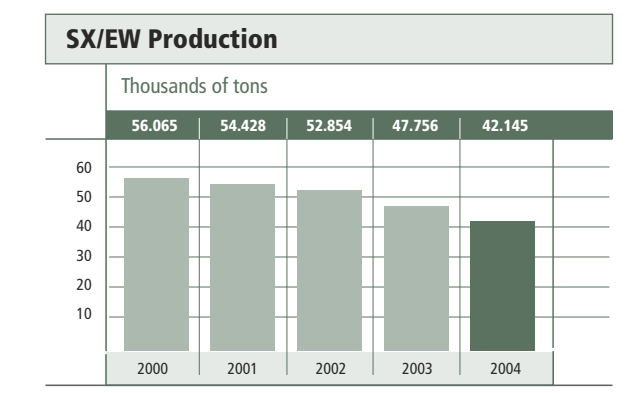
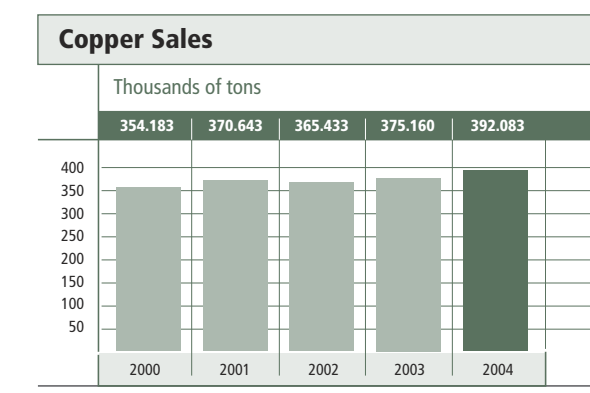
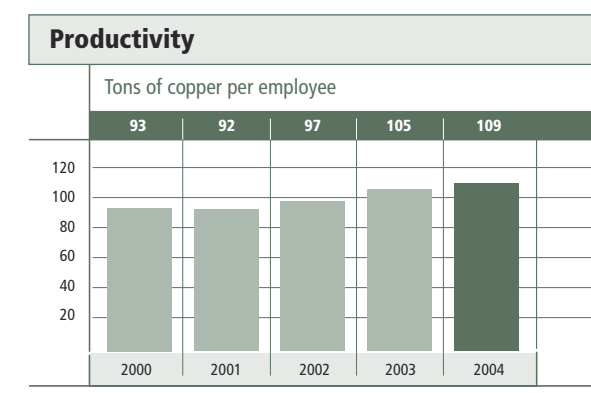


< Anode casting at the Ilo Refinery



Tailings disposal at Quebrada Honda Dam >

## Main SPCC Statistical Data



## Letter to the Shareholders

2004 was an outstanding year for Southern Peru Copper Corporation (SPCC). In addition to the substantial rise in the price of metals produced by the Company, SPCC's output and sales reached unprecedented levels. The production of copper, molybdenum, and silver increased 6.06%, 17.79%, and 6.0%, respectively, as compared to 2003. Company products sold (copper, molybdenum, silver) also increased 115%.

Price hikes were outstanding during 2004 as compared to the previous year. Average price of products was: copper, \$1.30 per pound, that is, 60% higher than in 2003; molybdenum, \$16.21 per pound, a 300% increase; silver, \$6.68 per ounce, as compared to \$4.87 in 2003.

With respect to 2004 production, mined copper totaled 876 million pounds in 2004. Higher copper output at SPCC resulted mainly from expanded production at the Toquepala mine and higher treated volumes after processing capacity increased at the concentration plant. The Toquepala concentration plant produced 580,111 tons of concentrate, a new production record. Furthermore, Toquepala mine also produced more molybdenum: output increased from 4,153 tons to 6,004 tons. This

growth also resulted from higher mined ore grades and recoveries in 2004.

Greater output at Cuajone mine in 2004 also resulted from higher ore grades in 2004 and improved recovery in grinding that resulted in 752,941 tons of concentrate, also an unprecedented production level. SX/EW copper output decreased 12.4 million pounds due to lower grades in the pregnant leaching solutions (PLS). The smelter also attained a new record by smelting 1,213,030 tons of concentrate.

Net income was an outstanding item in 2004: it reached \$597 million, or 400% higher than in 2003. Operating cash cost per pound of copper decreased from \$0.399 to \$0.046 due mainly to high price of molybdenum, a by-product of copper mining.

At present, SPCC has mining operations in Peru, Mexico and Chile, with beds to be explored that might increase the Company's reserves and future profile. SPCC also maintained its prospecting program in all of Peru, mainly in the south, focusing in the finding of copper and gold resources. With respect to Los Chancas project, the drilling program was maintained during 2004 and, according

to estimates, the pre-feasibility study will continue during 2005.

Southern Peru launched major projects in 2004, such as the one related with the Leaching Dums Project, where conveyor belts will be replaced with haulage trucks to transport minerals at the Toquepala mine. Construction works are scheduled to conclude in June 2005.

Also in 2004, as part of the Environmental Compliance and Management Program agreed with the government of Peru, SPCC began to upgrade the Ilo smelter. The upgraded smelter will use Australian Isasmelt technology to process 1.2 million tons of copper annually, with anodes as the final product instead of the blister bars produced at present. Sulfur capture will be of the order of 95%, well over the standards required by environmental regulations in force. The smelter upgrading is the largest environmental project undertaken by our Company in Peru, and once it is completed, it will mean the conclusion of SPCC's environmental commitments in the country.

SPCC continued its globalization efforts during 2004. The Board of Directors appointed a special committee to analyze the proposal to acquire Minera Mexico, a subsidiary

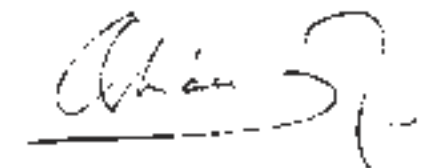
of Americas Mining Corporation (AMC), the holding of Grupo Mexico engaged in mining operations. After eight months of comprehensive work, the Special Committee of Disinterested Directors advised the Board to accept the offer. The proposal was approved by a majority of the Board and, once authorized by the relevant regulating authorities, the shareholders will vote on the matter during the first quarter of 2005.

Southern Peru foresees the investment projects it carries out will further consolidate its position among the main producers of metals worldwide, therefore signaling a positive economic return for our shareholders, a contribution for the relevant countries and their communities, and a benefit for SPCC workers.

On behalf of Southern Peru's Board of Directors, we want to express our gratitude to the workers and employees for their effort and dedication, to our clients for their trust and loyalty, and to you, our shareholders, for your long-term support.



**GERMÁN LARREA MOTA-VELASCO**  
Chairman of the Board



**OSCAR GONZÁLEZ ROCHA**  
President and Chief Executive Officer



Large flotation cells at Cuajone Concentrator >

## Five-year Production Statistics

Southern Peru Copper Corporation and Subsidiaries

Copper production	2004	2003	2002	2001	2000
<b>Mines</b> (copper content in thousands of pounds)					
Toquepala	354,618	313,878	276,513	270,619	232,886
Cuajone	428,553	406,814	370,834	363,951	394,548
SX/EW	92,869	105,283	116,524	119,993	123,602
Total mines	876,040	825,975	763,871	754,563	751,036
<b>Smelter</b> (copper content in thousands of pounds)					
SPCC concentrates	707,071	687,727	632,910	636,845	606,965
Purchased concentrates	-	6,552	64,836	86,801	45,267
Total smelter	707,071	694,279	697,746	723,646	652,232
<b>Refineries</b> (thousands of pounds of copper)					
Ilo	618,790	626,126	620,974	611,254	583,658
SX/EW	92,869	105,283	116,524	119,993	123,602
Total refineries	711,659	731,409	737,498	731,247	707,260
<b>Copper sales</b> (thousands of pounds)					
Refined	498,535	625,266	621,197	612,138	582,724
In blister	65,442	61,863	68,619	84,302	57,775
In concentrates	63,294	35,586	-	-	17,083
SX/EW	79,832	104,371	115,826	120,688	123,258
Rod	157,292	-	-	-	-
Total sales of copper	864,395	827,086	805,642	817,128	780,840
<b>Molybdenum</b> (thousands of pounds of concentrate content)					
<b>Mines</b>					
Toquepala	13,237	9,156	9,292	9,035	8,243
Cuajone	10,267	10,731	9,049	9,377	7,638
Total produced	23,504	19,887	18,341	18,412	15,881
Sales of molybdenum in concentrate	23,503	19,953	18,178	18,511	16,043
<b>Silver</b> (thousands of ounces)					
<b>Smelter</b> (in blister)					
Ilo SPCC concentrates	4,523	4,270	3,710	3,829	4,188
<b>Refinery</b>					
Ilo	3,823	3,599	3,661	3,452	3,343
<b>Sales of silver</b>					
Refined	3,820	3,615	3,645	3,498	3,454
In blister	414	365	389	453	411
In concentrates	364	212	-	-	220
Total sales of silver	4,598	4,192	4,034	3,951	3,975

## Five-year Selected Financial and Statistical Data

Southern Peru Copper Corporation and Subsidiaries

For the years ended December 31, (in millions, except per share and employee data)	2004	2003	2002	2001	2000
<b>Consolidated statement of earnings</b>					
Net sales	\$ 1,703	\$ 798	\$ 665	\$ 658	\$ 711
Operating costs and expenses (1)	787	581	546	568	561
Operating income	916	217	119	89	150
Minority interest of investment shares in income of Peruvian branch	5	1	1	1	2
Extraordinary loss	-	-	(9)	(2)	-
<b>Net earnings</b>	<b>\$ 597</b>	<b>\$ 119</b>	<b>\$ 61</b>	<b>\$ 47</b>	<b>\$ 93</b>
<b>Per share amount</b>					
<b>Net earnings - Basic and diluted</b>	<b>\$ 7.23</b>	<b>\$ 1.49</b>	<b>\$ 0.76</b>	<b>\$ 0.58</b>	<b>\$ 1.16</b>
<b>Dividends paid</b>	<b>\$ 2.39</b>	<b>\$ 0.57</b>	<b>\$ 0.36</b>	<b>\$ 0.36</b>	<b>\$ 0.34</b>
<b>Consolidated balance sheet</b>					
Total assets	\$ 2,597	\$ 1,931	\$ 1,752	\$ 1,823	\$ 1,771
Cash and marketable securities	591	295	148	213	149
Total debt	289	349	299	396	347
Stockholder's equity	1,712	1,315	1,241	1,209	1,192
<b>Consolidated statement of cash flows</b>					
Cash provided from operating activities	717	\$ 191	\$ 130	\$ 151	\$ 161
Dividend paid	191	45	21	29	27
Capital expenditures	172	50	77	117	113
Depreciation & depletion	78	74	68	76	77
<b>Capital stock</b>					
Common shares outstanding	14.1	14.1	14.1	14.1	14.1
NYSE Price – high	\$ 54.10	\$ 48.85	\$ 15.54	\$ 15.10	\$ 16-7/16
Price – low	\$ 26.53	\$ 14.42	\$ 10.82	\$ 8.42	\$ 11.00
Class A common shares outstanding	65.9	65.9	65.9	65.9	65.9
Book value per share	\$ 21.40	\$ 16.44	\$ 15.71	\$ 15.12	\$ 14.90
P/E ratio	6.53	31.65	20.67	26.07	12.84
<b>Financial ratios</b>					
Current assets to current liabilities	2.2	2.5	3.1	1.9	3.3
Debt as % of capitalization	14.4%	20.9%	19.3%	24.5%	22.4%
Employees (at year end)	3,544	3,566	3,575	3,726	3,682

Notes to Five-year Selected Financial and Statistical Data:

(1) Includes provision for worker's participation of \$78.8 million, \$16.8 million, \$8.9 million, \$5.9 million and \$12.1 million in the years ended December 31, 2004, 2003, 2002, 2001 and 2000.

IO.

SOUTHERN PERU COPPER CORPORATION

II.

SOUTHERN PERU COPPER CORPORATION



◀ Mill Site sunset at Cuajone Concentrator

**EXPANSION AND MODERNIZATION PROGRAM**

In reference to the Expansion and Modernization Program announced in previous years, we continued their implementation:

In Toquepala, engineering was concluded and the construction of the Leaching Dumps Project began. This project consists in the replacement of the carriage of leachable ore through truck by conveyor belts, which will require the installation of

a fixed crusher at the exit of the mine, 6.5 km of conveyors downstream to the south dumps and a system of stacking that will allow to place leachable ore in dumps of low height (no more than 30-50m). The ore size will be such that all of it will pass through the 9-inch mesh. The annual treatment capacity will be 50.2 million metric tons of leachable ore.

As of December 2004, 70% of the Project had already been completed with the main pieces of equipment al-

ready on their way to the field. Earth movement works done in collaboration with Mine Operations concluded after moving 1.4 million cubic meters to the large ditch and work to prepare the platform for equipment assembly started. Civil work for the crusher facility has accomplished 88% progress. By year end, electromechanical assembly started and should conclude by June 2005, to then start with commissioning and startup tests before building the ramp to start laying down the mineral for leaching.

On the other hand, it is being developed the Engineering for the Construction of the New PLS Dams Project, this project is complementary with the Leaching Dumps Project, given that, throughout the increase of the new dumps, new collection dams are required because during the construction of the new dumps a moment will arrive where the deposited mineral would cover current PLS dams, located in the Quebrada Toquepala. This Project also includes pumping stations and PLS conveyance pipes

to the plant, purchases for the power substation started during the third quarter of 2004 and the works for such power substation, at the end of 2004. It is estimated that the works will be completed by July 2006.

The Location Studies for Tailings Disposal continued with evaluations to replace the conventional tailings treatment systems using cyclones with others like state of the art flocculants and double cyclones. Studies and tests should

conclude in 2005 to define the method that will be used in tailings disposal in Toquepala and Cuajone in the next 35 years.

In 2004 we did the engineering studies and procurement for a new Copper Filter and ancillary equipment for operations. Civil work started in December and the new filter should start operating in the second quarter 2005. Progress so far has reached 51%.

The Ilo Smelter Modernization Project. The new smelter will use an Isasmelt furnace and two rotatory furnaces to skim matte from slag in the fusion stage, the converter stage will be done in four Peirce Smith converters 15 feet of diameter by 35 feet long, three of which will be refurbished and one will be new; also, a new anode plant, a new acid plant and a new oxygen plant will be installed, as well as other auxiliary facilities.

Processing capacity will be 1.2 million tons of concentrated copper per year. Levels of SO<sub>2</sub> collection will reach 95%, a level which exceeds the environmental legislation in force. The final product of the new smelter will be anodes instead of the blister currently produced.

In 2004, Fluor started developing the engineering and procurement, and has reached 66% progress. Purchase orders were placed for the main pieces of equipment taking the longest time for manufacturing. Also starting in the third quarter, Fluor will start the Project's construction management. Site preparation for the new plants has already started and is 70% complete. Demolition, reinforcement and foundation work for the new anode plant is 35% complete. Work at the anodes plant is expected to conclude in the third quarter 2005.

Towards the end of 2004, contractors were chosen for the Ocean Water Intake and for Underground Services. Construction is expected to conclude in June 2006, with commissioning and startup commencing one month later. The new Smelter should become operational in November 2006 to allow us meeting our Environmental Conformance and Management Program (PAMA) ahead of the January 2007 deadline.

#### EXPLORATION

During 2004, the Company completed the final phase of Los Chancas Project diamond drilling program with a total of 10,400 meters. Second phase of metallurgical test was also completed during the year. Process for estimation of probable and proved mineral reserves has begun and pre-feasibility studies will soon start. Analysis at this point indicate resources amounting to 200 million tons with values of 1.0% copper, 0.07% Mo, and 0.12 Au grams per ton.

We are exploring a porphyry copper system in the south of Peru, which is in its evaluation stage. We have completed a diamond drilling program of 21,792 meters and plan to continue an additional program of 20,000 meters in order to determine the existing resource.

No drilling program was executed in the Tantahuatay Project. All efforts were oriented to social issues and

community environment. Resources would be 27.1 million tons with an average of 0.89 Au grams per ton and 13.0 Ag grams per ton. A drilling program of 2,500 m. has been planned for 2005. SPCC has a 44.245% share in the Tantahuatay Project.

As part of the comprehensive exploration plans within the Peruvian territory for 2005, a program of 15,000 meters of diamond drilling will be executed in different exploration prospects, considering porphyry copper systems and epithermal gold systems.

We actually have in Peru direct control of 131,831.59 hectares of mining properties.

In Chile, during 2004, the Company initiated exploration work on the acquired mining properties executing diamond drilling programs in two prospects located in the III Region, which are being explored for copper-gold. We will continue our exploration program extending our work to the I Region.

The Company owns 35,258 hectares of mining rights within the I and III Regions in Chile.

#### COMMUNITY OUTREACH

Southern Peru is a major economic engine in Peru's

southern area and is particularly involved in the sustainable development and wellbeing of the people of Tacna and Moquegua, where it promotes and directly conducts social investment initiatives in the neighboring communities. These initiatives take place in jointly managed efforts with various public agencies and the people themselves. SPCC is also deeply committed to fulfill its social responsibility principles. Its social responsibility philosophy directs the Company's community outreach to the geographical environment in its role as facilitator of socioeconomic development. Southern Peru is a good corporate, social and environmentally responsible neighbor, an approach that was fulfilled in its co-participatory projects.

In 2004, SPCC carried out the following main projects:

- Water management. Phase V of the Chilligua Canal concluded in Torata Valley in Moquegua. Small irrigation infrastructure improvements were made in four valley areas. The Water Users Board in Torata received our logistic and technical support. In Candarave, Tacna, we built the Marisol Water Divide to benefit the Cairani, Huanuara, Candarave and Quilahuani districts. In Higerani we improved the canals and installed advanced irrigation systems.
- Agriculture: In Candarave we assisted potato and garlic seed areas, continued enhancing alfalfa fields by im-

proving water use, and promoted planting of oat for cattle feed. In Tarata, construction of a nursery is under way to support fruit growing, and we are also providing training for other local produce. In Locumba, Sama and Ite valleys, works focused on irrigation infrastructure and business management training. In Huaytire, a new study on pasture productivity will determine the convenience of introducing cultivated grasses. To determine the condition of pastures, an agristologic census evaluated the extension and strength of pastures.

- Livestock: We continued to provide support to sheep breeding, sustainable vicuna breeding, enhanced cattle livestock raising, and dairy processing. A cattle artificial insemination and stabling program was launched. In Torata, we started a veterinarian assistance plan. In Suches Huaytire we continued improving alpaca breeding. In Tacalaya, Candarave, we started alpaca breeding and control of sarcocystosis in domestic camelids. In Higerani, Ilabaya, Tacna, we started a guinea pig breeder's pilot program. The communities engaged in these activities are provided ongoing technical assistance in health and animal husbandry. Arondaya, in Cuajone, started a program to support subsistence animal husbandry to improve camelid, sheep and goat farming by providing veterinarian training to young local residents.



← State of the art GPS system in use at drilling



- **Marketing:** In Candarave, we contributed to organizing and providing the equipment for a meat marketing association of farmers who receive training and technical assistance from SPCC technical experts. Management so far has proven successful and the farmers own a refrigerated truck and two fully equipped facilities, one in Toquepala and another in Cuajone. In Torata, construction of a Stockpiling Center is under way. In Higuera, a channel was created for directly marketing guinea pigs from farms to the Toquepala soup kitchens.
- **Basic infrastructure:** Colocaya river in Ilabaya was canalized and levees built along its banks. Oconchay in Ilabaya and Nuevo Camilaca in Candarave were connected to the power grid. In the Huaytire alpaca breeding area, sleeping enclosures, breeding modules for mating and fenced fields will provide advanced pasture management.
- **Capacity building:** Torata started a pilot project for capacity building in schools and production organizations.
- **Large projects:** A pre-feasibility study of the water flow in the Callazas river in Candarave will determine a likely dam construction, while a sediments

study was completed in the Sama river in Yarascay, in Tacna, to determine the feasibility of building a reservoir.

- **Other activities:** In Candarave and Torata we fostered the organization of agricultural fairs.

The Social Responsibility program achieved highly satisfactory results in 2004, thanks to our technicians sharing the neighboring communities' daily activities. This allowed for leveraging their strengths, setting priority needs, identifying and mitigating deficiencies, and generally contributing to improved living standards. Our company was therefore able to efficiently manage its relations with the environment around it.

#### RESULTS OF OPERATIONS FOR THE YEARS ENDED DECEMBER 31, 2004, 2003 AND 2002

SPCC reported 2004 net earnings of \$596.8 million or diluted earnings of \$7.46 per share, compared to net earnings of \$119.2 million or diluted earnings of \$1.49 per share in 2003, and \$60.6 million or diluted earnings of \$0.76 per share in 2002.

The improvement in the Company's results for 2004 is due mainly to a production increase of mined copper and

molybdenum, and a significant hike in the price of copper and molybdenum.

Price of copper during 2004 in the London Metal Exchange (LME) and the New York Commodity Exchange (COMEX) was of 130 and 129 cents per pound of copper respectively, compared to 81 cents in 2003.

The recent surge in the price of molybdenum has had a significant effect on the Company's traditional calculation of cash cost and comparisons between periods. Accordingly, the Company is presenting cash costs with and without the inclusion of all revenues from byproducts. When calculating operating cash, SPCC excludes cost depreciation, amortization and depletion, exploration, workers' participation provisions and items of a non-recurring nature.

“Net sales of Southern Peru were \$1,715.9 million in 2004, the highest sales in the past five years.”

*Cathodes dispatch at the SWEW Plant in Toquepala* >

The Company's operating cash cost, as defined, for the three years ended December 31, is as follows:

	2004	2003	2002
	(in cents per pound)		
Cash cost per pound of copper produced	4.5	39.9	45.6
Cash cost per pound of copper produced (without byproduct revenue)	68.3	58.1	57.8

**Net Sales:** Net sales in 2004 were \$1,715.9 million, compared with \$798.4 million in 2003 and \$664.6 million in 2002. Sales increased in 2004 by \$917.5 million, a 114.9% increase over the previous year, mainly due to higher copper and molybdenum sales and higher sales of the Company's byproduct metals, molybdenum and silver.

**Prices:** Sales prices for the Company's metals are established principally by reference to prices quoted in the London Metal Exchange (LME), the New York Commodity Exchange (COMEX) or published in Platt's Metals Week, for dealer oxide average prices for molybdenum.

“By the end of 2003, thirty-one of PAMA projects were already completed, including all commitments related to the Company’s operations in Cuajone and Toquepala.”



*Cathodes washing at the SWEW Plant in Toquepala* >



*Cathodes handling at the SWEW Plant in Toquepala* >

Price/Volume data	2004	2003	2002
<b>Average Metal Prices</b>			
Copper (per pound – LME)	\$ 1.30	\$ 0.81	\$ 0.71
Copper (per pound – COMEX)	\$ 1.29	\$ 0.81	\$ 0.72
Molybdenum (per pound)	\$ 16.21	\$ 5.32	\$ 3.77
Silver (per ounce – COMEX)	\$ 6.68	\$ 4.89	\$ 4.60

Sales volume (in thousands)	2004	2003	2002
Copper (pounds)	864,395	827,086	805,642
Molybdenum (pounds) (1)	23,503	19,953	18,178
Silver (ounces)	4,597	4,192	4,034

(1) The Company’s molybdenum production is sold as concentrates. Volume represents pounds of molybdenum contained in concentrates.

**DIVIDENDS AND CAPITAL STOCK**

The Company paid dividends to stockholders of \$191.4 million or \$2.39 per share in 2004, compared to \$45.4 million or \$0.57 million per share in 2003, and \$28.7 million (including \$7.2 million used by the Company to honor an overdue receivable) or \$0.36 per share in 2002.

Distributions to the investment shares minority interest were \$1.5 million, \$0.4 million and \$0.3 million in 2004, 2003 and 2002, respectively.

On January 31, 2005, a transaction dividend of \$1.25 per common share, totaling \$103.4 million, was declared payable March 1, 2005.

The Company’s dividend policy continues to be reviewed during the Board of Directors’ meetings, taking into consideration the current intensive capital investment program, including the smelter modernization, and the expected future cash flow generated from operations.

**ENVIRONMENTAL AFFAIRS**

The Company’s activities are subject to Peruvian laws and regulations. The Peruvian government, through its Ministry of Energy and Mines (MEM), conducts seven annual audits of SPCC’s mining and metallurgical operations. Through these environmental audits, all matters related to environmental commitments, compliance with legal requirements, as well as atmospheric emissions and effluent monitoring are reviewed. The Ilo op-

erations (smelter and refinery) are audited three times a year, and the operations at the Toquepala and Cuajone mines, twice a year at each mine. The Company has not incurred in material breach of environmental laws and regulations.

As part of these regulations, SPCC submitted in 1996 the Environmental Compliance and Management Program (known by its Spanish acronym, PAMA) to the Peruvian government. A thorough third party environmental audit was conducted in order to elaborate the PAMA. The PAMA covered all current operations that did not have an approved environmental impact study at the time. SPCC’s PAMA was approved in January 1997 and contains 34 mitigation measures and projects necessary to: (1) adapt the existing operations to the environmental standards

established by the government, and (2) identify areas affected by inactive operations which needed remediation.

By the end of 2003, 31 of such projects were already completed, including all PAMA commitments related to the Company’s operations in Cuajone and Toquepala. The three pending PAMA projects are related to the Ilo smelter operations. The primary areas of environmental concern are: (1) Smelter reverberatory slag eroded from the slag deposits up until 1994, and (2) Atmospheric Emissions from the Ilo smelter.

The slag remediation program is progressing as scheduled and should be completed by 2007. Once the program is completed, no environmental risks are foreseen regarding this issue.



Skilled personnel working at the Maintenance Workshops and mines

Regarding the smelter emissions, the third phase of the Ilo smelter modernization has started and is scheduled for completion by 2007. In July 2003, the Company awarded Fluor/Xstrata the contract to provide the technology and basic engineering for the expansion and modernization of the Ilo smelter. The selected proposal meets SPCC's requirements, i.e., using proven technology (ISASMELT from Australia) and complying with the current environmental regulations. It is estimated that the construction of the project will be completed before January 2007, the deadline established in the PAMA. This represents the largest capital investment project for SPCC. The cost of the project was previously estimated to exceed \$600 million. The new estimated cost to complete this project is \$320 million.

Since 1995, and while this project is under construction, SPCC is applying an emissions curtail program that has allowed it to comply with the annual SO<sub>2</sub> air quality standard (established by the MEM in 1996) in the densely populated areas within the city of Ilo, and has been able to reduce breaches to the 24-hr air quality standard for the year 2004 to four episodes. Once the modernized smelter starts operating, no environmental risks are foreseen regarding this issue.

The Company has sufficient funds at hand to commence the project, but significant additional funds will be necessary for its completion. The Company has an approved Peruvian bond program of \$750 million, of which \$199 million have been issued. There can be no assurance that the entire Ilo smelter project can be financed with Peruvian resources. The Company plans to finance the portion of the cost that is not financed in Peru with funds from operations or by placing additional financing in the international market.

Two major remediation projects were identified in the PAMA. One related to the old tailings conveyance and disposal sites, and the other, to the smelter reverberatory slag mentioned above. Environmental commitments regarding the tailings remediation have been fulfilled, and the slag program has an 88% completion, as reported by the government auditors. In the foreseeable future, the only reclamation/remediation plans concurrent with operations are the ones already included in the PAMA.

On October 14, 2003, the Peruvian Congress published a new law announcing future closure and remediation obligations for the mining industry. On March 14, 2004, the Peruvian Ministry of Energy and Mines (MEM) published proposed regulations for this law.

The law was amended on May 28, 2004. The amended law, as published, announced a requirement for existing mining operations to present the MEM with a Mine Closure Plan, within one year, or before October 15, 2004. Since the regulations have not been approved, on October 15, 2004, SPCC submitted the MEM a notice stating that based on current legislation the Company was unable to make a reasonable estimate of its closure obligation. It is expected that final regulations detailing requirements will be published by the second quarter of 2005, and the Company will be required to submit its Mine Closure Plan thereafter. The law requires companies to provide financial guarantees to insure that remediation programs are completed. The Company anticipates that, when in force, this law will increase its asset retirement obligations and require future expenditures and amortizations over the life of the mine to satisfy its requirements. The liability for these asset retirement obligations cannot be presently measured, or reasonably estimated, based on the proposed generalities of this law. The Company is studying the impact of the law on its results, but it cannot reasonably estimate the effect until final regulations are published.

Environmental capital expenditures for the period 2000-2004 exceeded \$81 million. The Company fore-

The third phase of the Ilo smelter modernization has started and is scheduled to be completed by 2007.

sees significant environmental capital expenditures in 2005. Approximately \$171 million have been budgeted for the smelter project in 2005.



Ball mills at Cuajone Concentrator >

## GENERAL INFORMATION, DESCRIPTION OF OPERATIONS AND DEVELOPMENT

### INFORMATION RELATED TO INCORPORATION AND INSCRIPTION IN THE PUBLIC REGISTRY

SPCC is a business entity incorporated according to the laws of the State of Delaware, United States of America. It operates in Peru through a branch, established under public instrument certified by Public Notary from Lima, Dr. Ricardo Fernandini Arana, on the 6th of November, 1954. By public instrument dated April 6, 1998, certified by Public Notary from Lima, Dr. Carlos A. Sotomayor Bernós, the Company complied with the provisions of Law N° 26887, the General Corporation Law, and was recorded under Electronic Record N° 3025091 for Business Entities, Registration Office in Lima and Callao (previously, Entry N° 384 of Record N° 2447, Mining Individuals and Corporations Registry, Public Mining Registry).

See also “Brief historical review of the Company’s incorporation”.

Brief description: Southern Peru Copper Corporation (SPCC) is an integrated copper producer. It has operated

the Toquepala mine since 1960 and the Cuajone mine since 1976, both in southern Peru’s Andes highlands, approximately 612 miles southeast of Lima, in the departments of Tacna and Moquegua, respectively. It also operates a smelter and refinery located west of the mines on the Pacific Ocean coast, close to the city of Ilo, department of Moquegua.

SPCC, one of Peru’s leading companies, is among the 10 largest private-sector copper mining firms in the world.

SPCC, indirectly, is part of Grupo México, S.A. de C.V., owner of 100% of Americas Mining Corporation (AMC). AMC in turn owns 100% of Southern Peru Holdings II Incorporated, which holds 54.2% of Southern Peru Copper Corporation’s shares. The purpose of Grupo México S.A. de C.V.’s companies comprises mining and rail transportation activities.

The Group related to SPCC operations includes the following subsidiaries:

	<b>Name of Company</b>	<b>% (*)</b>	<b>Location</b>	<b>Inscription in the RPMV</b>
1	Grupo México, S.A. de C. V.		México	
	<b>RAILROAD ACTIVITIES:</b>			
2	Infraestructura y Transportes México, S.A. de C.V.	99.99	Mexico	
3	Grupo Ferroviario Mexicano	74.00	Mexico	
	<b>MINING ACTIVITIES:</b>			
4	Grupo Minera México Internacional, S.A. de C.V.	99.99	Mexico	
5	Americas Mining Corporation (AMC)	100.00	USA	
6	Minera México, S. A. de C. V.	99.14	Mexico	
7	Industrial Minera México, S.A. de C. V.	98.12	Mexico	
8	Mexicana de Cobre, S.A. de C. V.	94.59	Mexico	
9	Mexicana de Cananea, S.A. de C. V.	98.49	Mexico	
10	ASARCO, Incorporated	100.00	USA	
11	SPHC II, Incorporated	100.00	USA	
12	<b>SOUTHERN PERU COPPER CORPORATION (SPCC)</b>	54.20	USA	<b>X<sup>1</sup></b>
13	Southern Peru Limited	100.00	USA	
14	Logistics Services Incorporated (LSI)	100.00	USA	
15	Global Natural Resources, Inc.	100.00	USA	
16	Multimines Corporation	100.00	USA	
17	Multimines Insurance Company, Ltd.	100.00	Bermuda	
18	<b>SOUTHERN PERU COPPER CORPORATION, SUCURSAL DEL PERU</b>	82.40	Peru	<b>X<sup>2</sup></b>
19	Compañía Minera Los Tolmos S.A.	100.00	Peru	
20	Southern Peru Copper Corporation, Agencia Chile	100.00	Chile	

## NOTES:

1.- Common Shares

2.- Labor Shares

**CORPORATE CAPITAL AND COMMON STOCK**

<b>Corporate Capital and Common Stock</b>	<b>Shares</b>
The authorized number of shares are:	100,000,000
Issued an Paid-in Capital:	
Class A Common shares	65,900,833
Common Shares outstanding	14,116,952
Nominal Value of Common Shares	US\$ 0.01

<b>Total number and percentage of shares</b>	<b>Shares</b>	<b>Interest</b>
Southern Peru Holdings Corporation (*)	43,348,949	63.1%
Cerro Trading Company, Inc.. (*)	11,378,088	16.6%
Phelps Dodge Overseas Capital Corporation (*)	11,173,796	16.3%
Common Shares	14,116,952	4.0%
Total	80,017,785	100.0%

(\*) Class A common shares are entitled to five votes per share. Common shares are entitled to one vote per share.

**AUTHORIZATIONS OBTAINED FOR THE DEVELOPMENT OF BUSINESS**

1. Toquepala Concentrator: Authorized by Directorial Resolution No. 455-91-EM/DGM/DCM, dated July 5, 1991, which approved the operation of the Toquepala Concentrator. The resolution granted 240 hect-

ares of surface land and authorized a throughput of 39,000 Metric Tons/Day.

Based on Report No. 413-97-EM/DGM/DPDM dated July 7, 1997, the "Director General de Minería" authorized the expansion of the Toquepala Concentrator to a 43,000-Metric Ton/Day throughput.

Based on Report N° 547-2002-EM/DGM/DPDM, dated November 6th, 2002, the "Director General de Minería" authorized the expansion of the Toquepala Concentrator to a capacity of 60,000 MT/Day.

2. Botiflaca Concentrator in Cuajone: Authorized by Directorial Resolution No. 150-81-EM/DCM, dated August 14, 1981, which approved the operation of the Cuajone Concentrator. The resolution granted 56 hectares of surface land.

Based on Report No. 266-99-EM/DGM/DPDM, dated July 20, 1999, the "Director General de Minería" authorized the expansion of the Cuajone Concentrator to a 87,000-Metric Ton/Day throughput.

3. Toquepala Leaching Plant (SX/EW): Authorized by Directorial Resolution No. 166-96-EM/DGM, dated May 7, 1996, which approved the operation of the Toquepala SX/EW plant. The resolution granted 60 hectares of surface land and authorized a throughput of 11,850 Tons/Day.

Based on Report No. 663-98-EM/DGM/DPDM, dated November 10, 1998, the "Director General de

Minería” authorized the expansion of the Toquepala SX/EW Plant to a 18,737-Metric Ton/Day throughput.

4. Cuajone Leaching Plant (LX/EW): Authorized by Directorial Resolution No.155-96-EM/DGM, dated May 6, 1996, which approved the operation of the Cuajone leaching plant. The resolution granted 400 hectares of surface land and authorized a throughput of 2,100 Tons/Day.

5. Ilo Smelter: Authorized (definitely) by Directorial Resolution No. 0078-69-EM/DGM, dated August 21, 1969, which approved the operation of the Ilo Smelter. The resolution authorized a production of 400 Short Tons/Day of blister copper.

Based on Report No. 204-2000-EM-DGM-DPDM, dated June 20, 2000, the “Director General de Minería” authorized the expansion of the Ilo Smelter to a 3,100-Metric Ton/Day throughput of copper concentrates.

6. Ilo Refinery: Authorized by Report No. 056-94-EM/DGM/DRDM, dated May 27, 1994, the “Director General de Minería” authorized the operation of the Ilo Copper Refinery at a 190,000 Metric Ton/Day throughput of blister copper.

Based on Report No. 506-98-EM/DGM/DPDM, dated September 2, 1998, the “Director General de Minería” authorized the expansion of the Ilo Copper Refinery to a capacity of 658 Metric Tons/Day throughput of blister copper.

Based on Report N° 080-2002-EM-DGM/DPDM, dated March 13th, 2002, the “Director General de Minería” authorized the expansion of the Ilo Copper Refinery to a capacity of 800 MT/Day.

7. Sulfuric Acid Plant: Authorized by Directorial Resolution No. 024-96-EM/DGM, dated January 19, 1996, the “Director General de Minería” authorized the operation of the sulfuric acid plant at a production rate of 472 Metric Tons/Day. Based on Report No. 313-98-EM/DGM/DPDM, dated May 18, 1998, the “Director General de Minería” authorized the expansion of the Ilo Sulfuric Acid Plant to a capacity of 300,000 Metric Tons/Year production.

8. “Coquina Wash Plant and Sea shell Concentrates,” authorized to operate by Directorial Resolution N° 110-93-EM/DGM dated August 3, 1993. The plant processes 2068 MT/day of raw material (coquina) recovered from nearby mines. Seashell is produced

separating sand and other materials from the coquina using sea water washing screens.

#### **DESCRIPTION OF OPERATIONS AND DEVELOPMENT REGARDING THE ISSUING ENTITY**

##### **PURPOSE**

The purpose of Southern Peru Copper Corporation (SPCC) is to engage in activities allowed by the laws of the State of Delaware. Its main activity is to extract, mill, concentrate, smelt, treat, prepare for market, manufacture, sell, exchange and, in general, to produce and negotiate the sale of copper, gold, silver, lead, zinc, iron and any other class of minerals and materials or other materials, effects and goods of any nature or description; as well as to explore, exploit, sample, examine, investigate, recognize, locate, appraise, buy, sell, exchange, etc., mining concessions and mining deposits. SPCC belongs to the CIUU 1320 group.

The term of duration of the Company is indefinite.

##### **BRIEF HISTORICAL REVIEW THE COMPANY’S INCORPORATION**

The Company was incorporated on December 12, 1952, fifty-two years ago, according to the Laws of the State

of Delaware, United States of America, under the name of Southern Peru Copper Corporation (SPCC). In 1954, SPCC established a branch in Peru to carry out mining activities in this country.

On September 7, 1995, Southern Peru Copper Holding Company was incorporated, also in accordance with the laws of the State of Delaware, with the purpose of acting as a holding company of 100% of Southern Peru Copper Corporation’s shares (SPCC). By the end of 1995, SPCC changed its name to Southern Peru Limited, and Southern Peru Copper Holding Company changed its name to Southern Peru Copper Corporation.

Both companies agreed, effective December 31, 1998, to the merger of Southern Peru Copper Corporation with Southern Peru Limited, the former absorbing the latter and with SPCC assuming all assets and liabilities, including the branch in Peru. This merger did not imply any modification to the participation percentages in the equity stock or the Patrimony Participation Account (investment stock), which remained unchanged.

Mining activities in Peru are carried out under the name of Southern Peru Copper Corporation, abbreviated as Southern Peru or the initials SPCC, through its branch in Peru. The branch is registered under Electronic Record

N° 3025091 for business entities, Registry Office of Lima and Callao (formerly, Entry N° 384 under Record N° 2447, Mining Individuals and Business Entities of the Public Mining Registry).

##### **INFORMATION ABOUT PLANS AND INVESTMENT POLICIES**

See “Expansion and Modernization Program” on page 12.

##### **SPECIAL RELATIONSHIPS BETWEEN ISSUER AND THE STATE**

On November 20th, 1996, SPCC and the Peruvian government (Ministry of Energy and Mines) signed a contract that will remain effective until the year 2010 and which guarantees tax stability and the availability of foreign currency to exchange the Branch’s earnings related to the operation of the SX/EW plant at Toquepala and the Solvent Extraction (SX) operation in Cuajone. Also, on April 18th, 1995, SPCC and the Peruvian Government (CONITE) signed a contract that guarantees the availability of foreign currency, free remittance of dividends abroad, among other guarantees related to the acid plant of the Ilo Smelter.

SPCC’s tax credit revenues in Peru derive from the general sales tax (IGV) paid on the acquisition of capital goods and other goods and services used in its operations,

which are accounted for as expenses paid in advance. By virtue of this rebate, SPCC is entitled to credit the any IGV amount against its Peruvian tax obligations or to receive a rebate.

##### **GENERIC DESCRIPTION OF MAIN ASSETS**

##### **TOQUEPALA**

1. The Toquepala Production Unit comprises three Economic Administrative Units: TOQUEPALA 1 comprising 30 mining claims over a 7988 hectare surface. SIMARRONA, including 14 mining claims over 7800 hectares, and TOTORAL, with 18 mining claims distributed over 7320 hectares. In addition, the Toquepala Production Unit owns 35 mining claims over 23,244 hectares outside the above Economic Administrative Units. Overall, the Toquepala Production Unit holds 97 mining claims over 46,353 hectares.

2. “Toquepala Concentrator” Beneficiation Plant, with Milling capacity of 60,000 tons per day, consists of 1 Primary Crusher, 2 Secondary Crushers, 4 Tertiary Crushers, 8 Bar Mills, 24 Ball Mills, 8 Ball Mills for Re-crushing, 1 control milling system, sections 3 and 4, as well as 4 OK-100 Flotation Cells, 3 OK-50 Flotation Cells, 13 Column Cells and 4 130m3 Flota-

tion Cells , 24 Flotation Cells WEMCO with a capacity of 42.5m3, 1 Track tractor CAT D10-R, 2 Komatsu wheel tractors and a recycled water pipe line.

3. 22 trucks with a capacity of 218 tons each. 11 trucks with a capacity of 181 tons each. 12 trucks with a capacity of 109 tons each.

4. 2 4100A shovels with a capacity of 66 tons (43 m3), 4 2100BL shovels with a capacity of 21 tons (11.4 m3), 1 495BI shovel with a capacity of 66 tons (43 m3), 1 56 yd3 dipper, 1 120A electric drill, 2 100XP electric drills, 1 49RIII rotary drill. 1 front-end loader 992d, 1 Komatsu wheel tractor.

5. Additionally, new equipment for the concentrator had been incorporated with the expansion and modernization: 1 secondary crusher, 2 tertiary crushers, enlargement of the ore milled deposit, 1 tripper car, 1 ball mill 6.4 x 10.2 m, 2 cells of 130 m3 y 4 of 60 m3 for flotation rougher, 4 pre-classifier cyclones, 1 cell of cleaning, 1 cell scavenger of 60 m3, 1 line of 24 cells for cleaning and re-cleaning, 6 cells of 2.8 m3 changing the existing line of 14 cells to 2 lines of 10 cells each one for molybdenum plant, 1 pressure filter for copper concentrate, 1 thickener high-rate of 43 meters of diameter, 1

new tailing distributor tank which replaced the existing tank; enlargement of the pumping house, 1 pump of recover water, 1 transformer of 33/40 MVA, 138/38 Kv., DCS system.

### CUAJONE

6. The Cuajone Production Unit comprises two Economic Administrative Units: CUAJONE 1, comprising 23 mining claims over 7390 hectares; and CO-COTEA, with 15 mining claims over 7711 hectares. Additionally the Cuajone Production Unit has claims for mining 20,093 hectares outside the above two Economic Administrative Units. Overall, the Cuajone Production Unit comprises 70 mining claims over a total 35,194-hectare surface.

7. “Cuajone Concentrator” Beneficiation Plant with Milling capacity of 87,000 tons per day, consisting of 1 primary crusher, 3 secondary crushers, 7 tertiary crushers, 10 ball mills, 4 ball mills for re-crushing, 1 vertical mill, as well as 30 OK-100 flotation cells, 6 column cells, 28 Wemco flotation cells, 48 Denver flotation cells, 1 truck Volvo FM12, and recycled water pipelines.

8. 18 Dresser 830E trucks with a capacity of 218 tons each, 8 Cat 793C trucks with a capacity of 218 tons

each, and 4 Wabco trucks with a capacity of 109 tons each.

9. 2 4100A Shovels with a capacity of 66 tons, 1 2800XPB Shovel with a capacity of 49 tons, 1 2100BL Shovel with a capacity of 21 tons, 1 Le Tourneau 1800 front-end loader with a capacity of 38 tons, 2 120A electric drills, 1 100XP electric drill, 4 front-end loaders 966 of 3.8 m3 capacity, 3 front-end loaders 950 of 3.1 m3 capacity, 3 front-end loaders 988 of 6.1 m3 capacity, and 1 wheel tractor Komatsu.

### OTHER

One SX/EW plant in Toquepala and one SX plant in Cuajone. The SX Cuajone plant has 1 primary jaw crusher and 1 secondary cone crusher with a capacity of 4,300 tons per day to process Cuajone’s oxides. In addition, 1 agglomeration mill, 1 front-end loader, and 3 109-ton trucks for agglomerated ore hauling to the leach dumps. Copper in solution produced in Cuajone is sent to Toquepala through an 8” pipe laid alongside the Cuajone - Toquepala railroad track.

The Toquepala lant has 2 spray systems: 1 for the south dump and 1 for the northwest dump, and 4 pregnant solution ponds, each with its own pumping system to

send the solution to the SX/EW Plant. The plant has 3 lines of SX, each with a nominal capacity of 1,068 m3 / h of pregnant solution and 162 electrowinning cells arranged in two lines: one with 122 cell and the other with 40.

### ILO

10. “Ilo Smelter” with a smelting capacity of 1,120,000 tons of concentrate per year. It has 2 reverberatory furnaces, 7 Peirce-Smith converters, 1 “El Teniente” Modified Converter and 2 casting wheels.

11. “Ilo Refinery” – Anode Plant: 2 Basculant Maerz Ovens, each with a 400-MT capacity, 1 casting wheel (70 MT / hour) – Electrolytic Plant with a 280,000 MT / year capacity (Catodes), 926 commercial cells and 52 starting cells. – Precious Metals Plant with 1 Wenmec Selenium Reactor, 2 cupel furnace, 22 silver refining cells and 1 hydrometallurgical system for gold recovery.

12. Sulfuric Acid Plant with production capacity of 300,000 tons per year (average 1,000 x day).

13. Oxygen Plant with a production capacity of 100,000 tons per year (average 272 x day).

14. “Coquina” Plant with a seashell production capacity of 200,000 tons per year.

15. Burnt Lime Plant with a capacity of 80,000 tons per year, 1 Dust extraction system, 1 16v industrial engine with DDEC.

### OTHERS

Industrial railroad to haul concentrates and supplies between Toquepala, Cuajone and Ilo, with 30 locomotives, 256 dump cars, 92 flat cars, 254 boxcars, 8 closed boxcars, 11 closed hopper-type cars, 34 open hopper-type cars, 31 various tank wagons, 23 sulfuric acid tanks, 5 patrol cars, 17 dump cars, 1 front-end loader CAT 966G, used for maintenance components and equipment transportation, a new mobile system of classification and shell loading, 1 track tractor D9R for handling slag, 1 console DCS for the acid plant and reverberator furnace, 1 power factor transformer equipment, oil heater, COEN, and 1 dragshovel for smelter, 1 south bar casting system.

**EMPLOYEES**

As of December 31st	2004	2003	2002	2001	2000
Staff	723	726	724	765	744
Employees	1,081	1,089	1,075	1,116	1,047
Workers	1,740	1,751	1,776	1,845	1,891
Total	3,544	3,566	3,575	3,726	3,682

**COMMON SHARES OUTSTANDING**

Participation	Shares	Percent of Shares
Less than 1%	2,738	4.1%
Between 1% - 5%	-	0.0%
Between 5% - 10%	-	0.0%
More than 10%	3	95.9%
Total	2,741	100.0%

**INVESTMENT SHARES OR LABOR SHARES**

Participation	Shares	Percent of Shares
Less than 1%	2,490	4.1%
Between 1% - 5%	-	0.0%
Between 5% - 10%	-	0.0%
More than 10%	2	95.9%
Total	2,492	100.0%

**Principles of Corporate Governance****GENERAL MANAGEMENT RESOLUTIONS****096-2003-EF/94.11****I. SECTION ONE**

PRINCIPLE	COMPLIANCE					REASONS FOR THE CHOSEN OPTION
	0	1	2	3	4	
<p>1. Agendas should not include general points. The issues to be discussed must be specified, and each topic will be discussed independently for easier analysis and to prevent addressing jointly issues about which there may be various view-points.</p> <p>(Principle I.C.1, second paragraph)</p>					X	The Board's and Shareholders' agendas will list and identify in detail the issues for debate. The agenda is sent in advance to each shareholder or Board member including background or supporting information. Each topic is reviewed and addressed independently.
<p>2. The place for holding the General Meetings will be determined in advance for easier shareholder attendance.</p> <p>(Principle I.C.1, third paragraph)</p>					X	<p>The Corporation will make it as easy as possible for shareholders to attend the General Meetings called for in advance.</p> <p>A letter sent to all shareholders will request voting at the General Meetings. The meeting will take place at the location where most of the issued shares are represented.</p>



PRINCIPLE	COMPLIANCE					REASONS FOR THE CHOSEN OPTION
	0	1	2	3	4	
<p>3. Shareholders will be able to include within reasonable limits issues for debate in the General Meetings.</p> <p>Issues so introduced will address corporate concerns and fall within the Meeting's legal and statutory jurisdiction. The Board will not reject these requests without providing the shareholder a reasonable cause.</p> <p>(Principle I.C.2)</p>					<b>X</b>	The Company will announce its General Meetings with due anticipation so shareholders can introduce new issues for debate in the agenda. Procedures will be enforced to ensure the issues for debate relate to corporate concerns and fall within the company's legal and statutory jurisdiction. Company bylaws determine the mechanisms giving each shareholder the option to propose candidates to a Board position.
<p>4. Bylaws should not limit shareholders entitled to participate in the General Meeting from being represented by a person designated by them.</p> <p>(Principle I.C.4.i).</p>					<b>X</b>	Corporate bylaws do not limit participation, representation or voting rights.
<p>5. Companies issuing investment grade or other non voting shares should give their stockholders the option to exchange them for ordinary voting shares or to offer this option at the time of issuance.</p> <p>(Principle II.A.1, third paragraph)</p>					<b>X</b>	At the end of 1995, the company exchanged investment grade stock for ordinary shares. At present, investment grade shares owned by third parties account for 0.7% of SPCC's total equity.

## PRINCIPLE

6. The number of elected board members should allow providing an independent judgment on issues involving a conflict of interest. Shareholders without control may also be called to participate in these debates.

Independent Board members are chosen for their professional reputation and are not related to the company's management or its main shareholders.

(Principle II.B)

The term "relationship" is defined in the Regulations on Indirect Ownership, Relations and Economic Group approved by CONASEV Resolution 722-97-EF/94.10 and its subsequent general rules. Main shareholders are individuals or corporations who own five percent (5%) or more of the issuing company's capital stock.

PRINCIPLE	COMPLIANCE					REASONS FOR THE CHOSEN OPTION
	0	1	2	3	4	
					<b>X</b>	The Board will sit three independent members who will crucially take part in the decisions involving conflict of interests.
					<b>X</b>	SPCC's independent board members are renowned international professional executives, unrelated to the majority stockholder.
						Independent Board members comply with the regulations approved by the Securities and Exchange Commission (SEC) similar to CONASEV's to qualify as independent directors.

PRINCIPLE	COMPLIANCE					REASONS FOR THE CHOSEN OPTION
	0	1	2	3	4	
<p>7. Although independent audits provide financial opinion, they may also provide specialized reports or opinion on accounting inspections, operative audits, systems audits, project evaluations, cost system assessments or introductions, tax audits, portfolio assessment, valuations for asset adjustments, portfolio evaluations, inventories and other special services.</p> <p>Different auditors should perform these assessments or, if performed by the same auditors, their independence of opinion should not be affected. The company will disclose all the audits and special reports prepared by the auditor.</p> <p>All services provided by the auditing firm or independent auditor will be disclosed, with specific mention of their percentage in the total services provided and the latter's share in the auditing company's or independent auditor's revenues. (Principle IV.C, second, third and fourth paragraphs)</p>					X	<p>All accounting or financial studies and audits must be approved by SPCC's Audit Committee who evaluate in detail the involved costs and subject matter. The corporation will favor retaining independent third party auditors bearing no relation to the Company for performing financial audits as an indirect control practice and in compliance with the United States Sabarnes-Oxley Act.</p> <p>Operational, computer system, tax, project feasibility, process evaluation or introduction, asset valuation and other audits have been performed in recent years.</p>

PRINCIPLE	COMPLIANCE					REASONS FOR THE CHOSEN OPTION
	0	1	2	3	4	
<p>8. Requests for information filed by individual shareholders, investors in general, and stakeholders in relation to the company will be filed with the office and/or company official specially designated for that purpose. (Principle IV.D.2)</p>					X	<p>Our Company honors these requests through the Control and Finance Directorate officials who are in charge of relationships with shareholders, investors and other groups.</p>
<p>9. Doubts concerning the confidential nature of the information requested by shareholders or stakeholders will be properly addressed. The corresponding criteria will be adopted by the Board and confirmed by the General Meeting, and included in the company's bylaws or internal regulations. However, disclosure of information will not jeopardize the company's competitive standing nor affect the normal conduct of the company's business. (Principle IV.D.3)</p>					X	<p>The Company has in place an internal procedure to determine confidentiality levels for corporate information. This procedure implies a certain degree of sensitivity to the Company's information. A review of each particular case determines the likely impact on SPCC's competitive position.</p> <p>In view that SPCC is a corporation organized under the regulations of the State of Delaware, United States of America, its bylaws are not required to include this principle, which is instead regulated by management.</p>
<p>10. The company will hire an internal auditor. The internal auditor will discharge his functions with professional independence from the company retaining its services, and guided by the principles of diligence, loyalty and reserve that the company requires from</p>					X	<p>The Company has in place an Independent Audit area that operates independently from other functional areas in our corporation. It directly reports to the Executive President, and the Company's Audit Committee.</p>

PRINCIPLE	COMPLIANCE					REASONS FOR THE CHOSEN OPTION
	0	1	2	3	4	
its Board and Management. (Principle IV.F, first paragraph)						The Company has prepared a Code of Conduct and Ethics and Internal SPCC Conduct Regulations dealing with Major Events, Reserved Information and other Communications. These regulations were approved by the Board of Directors and apply also to our Internal Audit Management Office.
11. The Board will perform certain key functions, namely: Evaluating, approving and guiding the corporation's strategy; determining the company's main action plans, risk follow-up, monitoring and management policies; design its annual budgets and business plans, and monitor their implementation; oversee the company's main expenses, investments, acquisitions and sales. (Principle V.D.1)					<b>X</b>	The Board approves the corporation's development strategy, objectives, annual goals and action plans. Every quarter the Board reviews the Company's progress in meeting its objectives, although Management performs this function on a daily and monthly basis. Every year, the Board approves the expenditures budget and operation expenses, and the capital investments for operations and projects alike.
12. The Board will perform certain key functions, namely: Screening, monitoring and, if needed, replacing senior management and fix their remuneration. (Principle V.D.2)					<b>X</b>	The Chairman of the Board, in coordination with Management or the Compensations Committee, will establish the remuneration of senior management and evaluate their performance. If appropriate, it will take the measures aimed at replacing them with professionals with the competencies needed to manage the Corporation.

PRINCIPLE	COMPLIANCE					REASONS FOR THE CHOSEN OPTION
	0	1	2	3	4	
13. The Board will perform certain key functions, namely: Evaluate senior management's and Board members' compensation, and ensuring the procedure for appointing Board members will be both formal and transparent. (Principle V.D.3)					<b>X</b>	The number of Board members and their appointment are clearly set forth in the Company's bylaws. A formal procedure is in place to appoint and decide the Board's allowance. To this end, the Board has created the Appointments/Corporate Governance Committee.
14. The Board will perform certain key functions, namely: Monitor and follow up likely conflicts of interest between management, Board members and shareholders, including fraud in using corporate assets and abuse in transactions amongst stakeholders. (Principle V.D.4)					<b>X</b>	The Company's Code of Conduct and Ethics establishes the guidelines to address conflicts of interest.  In addition, likely conflicts of interest or transactions amongst stakeholders are reported by Management to the Board's Audit Committee, which in turn will evaluate and monitor them, and report to the Board on these eventual conflicts. The Committee has in place a procedure for filing complaints open to any shareholder, worker or stakeholder group wishing to use it.
15. The Board will perform certain key functions, namely: To ensure the Company's accounting system and financial statements are independently audited, and that the appropriate control systems—in particular					<b>X</b>	The Board meets this requirement fully through its detailed monitoring of the status and appropriateness of the Company's accounting systems and Financial Statements.

PRINCIPLE	COMPLIANCE					REASONS FOR THE CHOSEN OPTION
	0	1	2	3	4	
its financial and non-financial management systems—are in place and conform to the law. (Principle V.D.5)						The Board members sitting in the Audit Committee periodically advise on the appointment of the independent auditors and constantly assess the risks to which our Company may be exposed. Management is in charge of establishing an internal control system. SPCC's General Shareholders' Meeting annually approves or rejects the appointed Independent Auditors.
16. The Board will perform certain key functions, namely: Monitor the soundness of the company's governance practices and introducing the required changes. (Principle V.D.6)					X	In the past, the Board has occasionally introduced or suggested the General Meeting to approve changes to the Company's governance bodies. All these changes have contributed to enhancing good practices and transparency in corporate governance at SPCC.
17. The Board will perform certain key functions, namely: Monitoring the company's information policy. (Principle V.D.7)					X	The Chief Executive Officer and the Board have approved the Company's information policy. It seeks to provide shareholders, workers and stakeholders complete information about SPCC's operations and its economic results. This policy is available at <a href="http://www.southernperu.com">www.southernperu.com</a>

## PRINCIPLE

18. The Board may create special bodies to fit the company's needs and size, in particular as concerns the audit function. Additionally, these special bodies may concern themselves with functions relating to appointments, remunerations, control and planning, among others.

These special bodies will be organized within the Board to support its role, and will preferably include independent directors who may thus make impartial decisions about matters where conflicts of interest may emerge.

(Principle V.E.1)

19. The number of Board members of a company should ensure a diversity of viewpoints so decisions are the result of appropriate debate, with due consideration paid to the best interest of both the corporation and its shareholders.

(Principle V.E.3)

## COMPLIANCE

PRINCIPLE	COMPLIANCE					REASONS FOR THE CHOSEN OPTION
	0	1	2	3	4	
					X	The Board has set up several committees that perform special functions. They include the Audit Committee, sitting independent Board members who are responsible for appointments, establishing remuneration of the independent auditors, and control and planning.  Specialized committees mostly sit independent Board members and discharge their roles particularly in situations involving potential conflicts of interest.  These special Committees include: (i) Executive Committee, (ii) Audit Committee, (iii) Compensation Committee, (iv) Share Incentive Plan Committee, (v) Appointment Committee, (vi) Corporate Governance Committee, (vii) Special Committee for Divested Board Members and (viii) Trust Committee for the ERISA United States Plan.
					X	The Board sits professionals from various fields with vast knowledge of the mining, metallurgical and commercial fields. This setup provides a diversity of viewpoints and opinions when making corporate decisions. Independent Board members contribute to these decisions.

PRINCIPLE	COMPLIANCE					REASONS FOR THE CHOSEN OPTION
	0	1	2	3	4	
20. Information referred to issues for debate at each meeting will be made available to Board members sufficiently in advance to allow their review, unless it concerns strategic matters requiring confidentiality. In this latter case, it will be necessary to put in place the mechanisms Board members need to properly evaluate the issues at hand. (Principle V.F, second paragraph)					X	Information discussed by the Board is properly documented and sent to Board members seven days before their meeting or earlier to permit a detailed review. Corporate staff is available to the Board to address their concerns about the reported information.
21. The Board will follow clearly defined policies when retaining specialized advice services needed by the company to ensure appropriate decision-making. (Principle V.F, third paragraph)					X	When deemed appropriate, the Board will approve at its sole discretion, the hiring of specialized companies to provide advice on the best course of action to be followed when making major decisions.
22. New Board members will be informed of their powers and responsibilities, and about the company's structure of organization and characteristics. (Principle V.H.1)					X	All Board members have been instructed about their powers and responsibilities. In addition, they were explained the Company's organizational structure and characteristics. The Company has carried out induction programs on the Company's operations for the members of the Board.

PRINCIPLE	COMPLIANCE					REASONS FOR THE CHOSEN OPTION
	0	1	2	3	4	
23. Procedures must be in place for the Board to elect one or more substitute members, should there be no alternate Board members already and one or more Board positions are declared vacant, so the corresponding terms are completed, unless otherwise determined in the company bylaws. (Principle V.H.3)					X	Corporate bylaws include a clear procedure to fill vacant Board positions. The number of Board members is kept at a level that allows meeting good corporate governance needs and provide adequate knowledge needed in SPCC's mining operations.
24. The functions of the Chairman of the Board, and those performed by the Executive President and the General Manager's as required, will be clearly stated in the company's bylaws or internal regulations, in order to prevent duplicate functions and likely conflicts. (Principle V.1, first paragraph)					X	These functions are defined in the corporation's bylaws, its internal policies and job descriptions that clearly differentiate the attributions under each such position.
25. The company's organizational structure shall avoid concentrating functions, attributions and responsibilities on the Chairman of the Board, the Chief Executive Officer, the General Manager and other company senior management officials, as the case may be. (Principle V.1, second paragraph)					X	These powers and attributions are clearly defined in SPCC's bylaws and by Management. The Board and Management have avoided concentrating decision-making in these positions by establishing limits to their attributions and responsibilities.

PRINCIPLE	COMPLIANCE					REASONS FOR THE CHOSEN OPTION
	0	1	2	3	4	
26. It seems advisable management receives compensation that is at least partly determined by the company's results, so as to ensure they meet the goal of maximizing value for the company's shareholders. (Principle V.I.5.)					X	Part of management's compensation is linked to the corporation's results through a profit sharing and performance bonds program.



Mineral transfer hopper in Cuajone >

## ECONOMIC RELATIONS WITH OTHER COMPANIES DUE TO LOANS THAT COMMIT MORE THAN 10% OF THE STOCKHOLDER'S EQUITY OF THE ISSUING ENTITY

To date, there are no loans with other companies that compromise more than 10% of SPCC's property.

### ADMINISTRATIVE, JUDICIAL OR ARBITRATION PROCEEDINGS

**LITIGATION:** See Note to Consolidated Financial Statements.

### CHANGES OF THOSE RESPONSIBLE FOR THE PREPARATION AND REVISION OF THE FINANCIAL INFORMATION

José N. Chirinos acts as Director of Comptroller and Finance, and Marco A. García acts as Finance Manager.

### INFORMATION RELATED TO STOCK EXCHANGED IN THE STOCK MARKET

#### Common Stock:

On November 29, 1995, the Company offered to exchange the recently issued common shares for all and any labor shares of the Peruvian Branch of the Company, at a ratio of one common share per four S-1 shares and one common share per five S-2 shares. The exchange expired on December 29, 1995, with 80.8% of the total labor outstanding stock exchanged for 11,479,667 common shares. These common shares are quoted in New York

Stock Exchange and the Lima Stock Exchange, and are entitled to one vote per share.

Along with the exchange of labor shares, the holders of common shares of the Company exchanged their shares for class A common shares, with the right to five votes per share.

The class A common shares and the common shares have a nominal value of \$0.01 per share.

#### CORPORATE BONDS:

In November 2001, the Company was authorized by CONASEV to increase the \$200 million program, approved in 2000, to \$750 million; as part of this program, on April, 2003, the Company placed \$25 millions in corporate bonds with a face value of \$1,000 each, with investors in Peru. This issue matures in 2010 and has a floating interest rate equivalent to Libor + 2.375%. In addition, on May, 2003, the Company placed \$25 million in corporate bonds with a face value of \$1,000 each, with investors in Peru; this issue matures in 2010 and has a floating interest equivalent to Libor + 2.3125%. On February 2002, the Company placed \$25.9 million in corporate bonds; this issue matures in 2012 and has a floating interest rate equivalent to Libor + 3.00%. On December 2001, the Company placed 73.1 millions; this issue matures in 2011 and has a floating

interest rate equivalent to Libor + 3.00%. In July and December 2000, the Company placed \$30 millions and \$20 millions in corporate bonds; both issues mature in 2007 and generate a nominal interest rate of 8.75%.

In January 2005, the Company opened a credit line worth US\$200 million with a group of banks syndicated by Citibank. On January 27, 2005, the Company paid US\$150 million to repay bonds worth that amount issued in 2001, 2002 and 2003. In addition disbursements for US\$20 millions and US\$30 millions were made as prepayment on the balance of prior bond issues. The new credit line was opened for 5 years at LIBOR plus 1.25% on the first year; the spread will start increasing on the third year, and will increase 0.125% every year thereafter. Principal amortization will start on the third loan year. The Company will pay bondholders a 1% or US\$2 million penalty on advance repayment.

As of December 31, 2004, \$199.0 millions out of the \$750-million program have already been issued.

In the month of June 1997, the Company placed \$50 millions in corporate bonds with the same face value and the same market as the issues mentioned in the previous paragraph. Nominal interest rate was set at 8.01% (8.25% effective), and will mature in June of 2004.

In all cases, corporate bonds were placed at par value and interests are paid quarterly starting from the date of issue. The Company has the option to redeem all or part of the issue according to the following chart. Par

Issue	From	Amount	Conditions	Requirements
\$30.0 million	Year 4	\$10 million	To be determined	At least with a 30 day notice
\$20.0 million	Year 4	\$10 million	To be determined	At least with a 30 day notice
\$73.1 million	Any time	No minimum	Par value plus premium	At least with a 10 day notice
\$25.9 million	Any time	No minimum	Par value plus premium	At least with a 10 day notice
\$25.0 million	From month 18	No minimum		At least with a 10 day notice
\$25.0 million	From month 18	No minimum		At least with a 10 day notice

#### QUOTATIONS OF CORPORATE BONDS ISSUED BY SOUTHERN PERU

Mnemonic	Period	Open	Close	Low	High	Average
PCU1BC11	200401					
PCU1BC11	200402	97.50	97.50	97.50	97.50	97.50
PCU1BC11	200403	111.18	111.18	111.18	111.18	111.18
PCU1BC11	200404					
PCU1BC11	200405					
PCU1BC11	200406					
PCU1BC11	200407					
PCU1BC11	200408					
PCU1BC11	200409					
PCU1BC11	200410					
PCU1BC11	200411					
PCU1BC11	200412					

Mnemonic	Period	Open	Close	Low	High	Average
PCU1BC12	200401					
PCU1BC12	200402					
PCU1BC12	200403	112.18	112.36	112.18	112.36	112.24
PCU1BC12	200404					
PCU1BC12	200405					
PCU1BC12	200406					
PCU1BC12	200407					
PCU1BC12	200408					
PCU1BC12	200409	107.03	107.03	107.03	107.03	107.03
PCU1BC12	200410					
PCU1BC12	200411					
PCU1BC12	200412					

Mnemonic	Period	Open	Close	Low	High	Average
PCU1BC21	200401					
PCU1BC21	200402					
PCU1BC21	200403	101.00	101.00	101.00	101.00	101.00
PCU1BC21	200404					
PCU1BC21	200405					
PCU1BC21	200406					
PCU1BC21	200407					
PCU1BC21	200408					
PCU1BC21	200409					
PCU1BC21	200410					
PCU1BC21	200411					
PCU1BC21	200412					

Mnemonic	Period	Open	Close	Low	High	Average
PCU1BC22	200401					
PCU1BC22	200402					
PCU1BC22	200403	108.00	109.25	108.00	109.25	108.63
PCU1BC22	200404					
PCU1BC22	200405					
PCU1BC22	200406					
PCU1BC22	200407					
PCU1BC22	200408					
PCU1BC22	200409					
PCU1BC22	200410					
PCU1BC22	200411					
PCU1BC22	200412					

Mnemonic	Period	Open	Close	Low	High	Average
PCU1BC31	200401					
PCU1BC31	200402					
PCU1BC31	200403	96.11	98.12	96.11	98.12	97.11
PCU1BC31	200404					
PCU1BC31	200405					
PCU1BC31	200406					
PCU1BC31	200407					
PCU1BC31	200408					
PCU1BC31	200409					
PCU1BC31	200410					
PCU1BC31	200411					
PCU1BC31	200412					

Mnemonic	Period	Open	Close	Low	High	Average
PCU1BC32	200401	100.15	100.15	100.15	100.15	100.15
PCU1BC32	200402					
PCU1BC32	200403					
PCU1BC32	200404					
PCU1BC32	200405					
PCU1BC32	200406					
PCU1BC32	200407					
PCU1BC32	200408					
PCU1BC32	200409	102.83	102.82	102.83	102.83	102.83
PCU1BC32	200410					
PCU1BC32	200411					
PCU1BC32	200412					



Trucks at the dumping zone in Cuajone





Mining operations, detail >



**MONTHLY QUOTATIONS 2004**  
**COMMON SHARES, MONTHLY STOCK PRICES 2003**  
**LIMA STOCK EXCHANGE**  
**ISIM CODE: US8436111046**  
**SYMBOL: PCU**

Period	Open	Close	Low	High	Average
200401	\$ 48.30	\$ 43.00	\$ 41.97	\$ 50.80	\$ 47.27
200402	\$ 41.60	\$ 38.97	\$ 37.60	\$ 43.22	\$ 40.09
200403	\$ 39.40	\$ 40.86	\$ 36.00	\$ 40.86	\$ 38.57
200404	\$ 40.60	\$ 28.90	\$ 28.10	\$ 41.70	\$ 35.91
200405	\$ 28.76	\$ 30.95	\$ 26.50	\$ 32.50	\$ 28.78
200406	\$ 31.80	\$ 41.00	\$ 29.90	\$ 41.00	\$ 38.93
200407	\$ 41.00	\$ 39.50	\$ 36.40	\$ 41.75	\$ 40.60
200408	\$ 39.50	\$ 44.05	\$ 36.43	\$ 44.05	\$ 39.89
200409	\$ 43.50	\$ 51.90	\$ 43.50	\$ 52.00	\$ 47.00
200410	\$ 52.35	\$ 43.45	\$ 42.20	\$ 55.00	\$ 46.60
200411	\$ 45.00	\$ 47.91	\$ 44.05	\$ 48.50	\$ 46.14
200412	\$ 47.65	\$ 46.70	\$ 43.87	\$ 47.65	\$ 45.66

**COMMON SHARES**  
**MONTHLY STOCK PRICES 2003**  
**NEW YORK STOCK EXCHANGE**  
**SYMBOL: PCU**

Period	Open	Close	Low	High	Average
200401	\$ 49.10	\$ 43.90	\$ 42.20	\$ 50.50	\$ 47.63
200402	\$ 40.76	\$ 37.80	\$ 37.80	\$ 42.20	\$ 39.98
200403	\$ 40.00	\$ 40.45	\$ 36.16	\$ 40.45	\$ 38.03
200404	\$ 40.45	\$ 29.03	\$ 28.55	\$ 41.85	\$ 36.19
200405	\$ 28.60	\$ 31.18	\$ 26.53	\$ 31.80	\$ 28.98
200406	\$ 31.70	\$ 41.33	\$ 30.00	\$ 41.33	\$ 35.24
200407	\$ 41.10	\$ 39.13	\$ 36.41	\$ 41.86	\$ 39.71
200408	\$ 39.40	\$ 44.50	\$ 36.16	\$ 44.50	\$ 39.69
200409	\$ 44.20	\$ 51.66	\$ 43.55	\$ 51.66	\$ 46.23
200410	\$ 52.84	\$ 43.18	\$ 42.15	\$ 54.10	\$ 48.02
200411	\$ 43.98	\$ 47.52	\$ 43.98	\$ 48.16	\$ 46.28
200412	\$ 47.19	\$ 47.21	\$ 43.41	\$ 47.59	\$ 46.05

**MANAGEMENT****Members of the Board of Directors as of December 31, 2003**

- 1.- **GERMÁN LARREA MOTA-VELASCO.** Chairman of the Board since December 1999, Chief Executive Officer from December 1999 to October 2004, and Director of SPCC since November 1999. Chairman of the Board of Directors, President and Chief Executive Officer of Grupo Mexico (holding). Chairman of the Board of Directors and Chief Executive Officer of Grupo Minero Mexico (mining division) since 1994, and of Grupo Ferroviario Mexicano (railroad division), since 1997. Chairman of the Board and Chief Executive Officer of Empresarios Industriales de Mexico (holding), since 1992. Previously Executive Vice Chairman of Grupo Mexico and member of the Board of Directors since 1981. Chairman and Chief Executive Officer of ASARCO Incorporated from November 1999 to August 2003, and its President from November 1999 to January 2000.
- 2.- **EMILIO CARRILLO GAMBOA.** Director of SPCC since May 30, 2003. A prominent lawyer in Mexico, he has been a partner of the law firm Bufete Carrillo Gamboa, S. C., specializing in corporate, financial, commercial, and public utility issues, for the last five

years. Mr. Carrillo Gamboa has extensive business experience and has served or currently serves on the boards of many prestigious Mexican businesses and charitable organizations. He is Chairman of the Board of Cementos Apasco, S.A. de C.V. (cement company). In 1957 and 1958, he worked for the Internal Revenue Service of the Ministry of Finance and Public Credit of Mexico. On August 15, 1960, he entered Teléfonos de Mexico as Head of the Financial Studies Department, was appointed Secretary of the Board of Directors in February 1962, Executive Vice President in February 1967, and President on June 30, 1975, a position he held until his retirement on June 30, 1987. From July 1987 to February 1989 he was Mexico's Ambassador to Canada. Mr. Carrillo is a director of the following companies: Grupo Modelo, S.A. de C.V. (beer brewing), Kimberly-Clark de México, S.A. de C.V. (consumer products), San Luis Corporación, S.A. de C.V. (automotive parts), Empresas ICA Sociedad Controladora, S.A. de C.V. (construction), Grupo México, S.A. de C.V., and the Mexico Fund, Inc. (NYSE – mxf), a nondiversified closed-end management investment company. He is member of the Valuation, Contract Review and Appointment and Corporate Governance Committees of the Mexico Fund. Mr. Carrillo is also a member of the Audit Committee of SPCC and the following

companies: Empresas ICA Sociedad Controladora, S.A. de C.V. since 2001, Cementos Holcim-Apasco, S.A. de C.V. since 2002, Grupo Modelo, S.A. de C.V. since 2002, Kimberly-Clark de México, S.A. de C.V. since 2002, San Luis Corporacion, S.A. de C.V. since 2002, The Mexico Fund, Inc. since 2002, and Grupo Mexico, S.A. de C.V. since 2003. Of these companies, only two are public companies: The Mexico Fund Inc., and Empresas ICA Sociedad Controladora, S.A. de C.V. Mr. Carrillo Gamboa has a law degree from the Autonomous National University of Mexico, attended a continuous legal education program at Georgetown University Law School, and practiced at the World Bank.

3. **JAIME FERNANDO COLLAZO GONZÁLEZ.** Director, Vice-President, Finance and Chief Financial Officer of SPCC since April 28, 2004. Managing Director of Grupo Mexico, S.A. de C.V. since March 2004. Managing partner of Administration and Business Consulting, S.C. (a business consulting firm) from 1999 to 2003. Previously, he held several positions with IBM de Mexico, S.A., the last one being Vice-President and Chief Financial Officer, prior to his retirement in 1998. He holds a Bachelor's degree in Administration from Universidad Tecnológica de México and a Master's degree in Business Adminis-

tration from the Instituto Tecnológico y de Estudios Superiores de Monterrey.

- 4.- **XAVIER GARCÍA DE QUEVEDO TOPETE.** Director of SPCC since November 1999. President of Minera México, S.A. de C.V. since September 1, 2001, Managing Director of Grupo Ferroviario Mexicano, S.A. de C.V. and Ferrocarril Mexicano, S.A. de C.V. from December 1997 to December 1999. Director General of Exploration and Development at Grupo Mexico, SA. de C.V. from 1994 to 1997, Alternate Director of Grupo México from 1998 to April 2002, Director of ASARCO Incorporated from November 1999 to August 2003 and its President from January 2000 to September 1, 2001.
- 5.- **OSCAR GONZÁLEZ ROCHA.** Chief Executive Officer of SPCC since October 2004 and its President since December 1999. He has also been Director of SPCC since November 1999. Previously, he was General Director and Chief Operating Officer of SPCC from December 1999 to October 20, 2004, Managing Director for Mexicana de Cobre, S.A. de C.V. from 1986 to 1999, and for Mexicana de Cananea, S.A. de C.V. from 1990 to 1999. Alternate Director of Grupo Mexico from 1988 until April 2002 and

Director of Grupo Mexico since May 2002. Director of ASARCO Incorporated from November 1999 to August 2003.

- 6.- **HAROLD HANDELSMAN.** Director of SPCC since August 2002. Executive Vice-President and General Counselor of The Pritzker Organization LLC, a private investment firm, since 1998. Mr. Handelsman has also been a Senior Executive Officer of the Hyatt Corporation since 1978, currently serving as Senior Vice-President, Secretary and General Counselor, and is Director of First Health Group Corp. (a managed care organization) and a number of private corporations. He received a B.A. degree from Amherst College in 1968 and a J.D. degree from Columbia University in 1973.
- 7.- **GENARO LARREA MOTA-VELASCO.** Commercial Vice-President of SPCC from December 1999 until April 2002, and Director since November 1999. Commercial Managing Director of Grupo Mexico from 1994 to August 30, 2001, and Director from 1994 to date. He was Director of ASARCO Incorporated from November 1999 to August 2003, and President of ASARCO Incorporated from September 1, 2001 until October 2003. Previously he was Director, Vice-President and Chief Commercial Officer of

ASARCO Incorporated from November 1999 to September 2001.

- 8.- **ARMANDO ORTEGA.** Director of SPCC since August 2002. Legal Vice-President and Secretary of SPCC since April 25, 2002, has been General Counselor since October 2003. Previously, he was Assistant Secretary of the Company from July 25, 2001 to April 25, 2002, and Assistant Secretary of Asarco Incorporated until August 2003. General Counselor of Grupo Mexico since May 2001, and, previously, its Assistant Secretary. He headed the International Trade Practices Unit of the Ministry of Economy of Mexico with the rank of Deputy Vice-Minister from 1997 to May 2001, and was negotiator for international matters for said Ministry from 1998 to May 2001.
- 9.- **LUIS MIGUEL PALOMINO BONILLA.** Director of SPCC since March 19, 2004. Principal and senior consultant of Proconsulta International, Maryland (a financial consulting firm) since 2003. Previously he was First Vice-President and Chief Economist, Latin America for Merrill Lynch Pierce Fenner & Smith, New York (investment banking) from 2000 to 2002. Chief Executive Officer, Senior Country and Equity Analyst at Merrill Lynch, Peru (investment banking)

from 1995 to 2000. He held various distinguished positions with banks and financial institutions as economist, financial advisor and analyst. He has a PhD in finance from the Wharton School of the University of Pennsylvania, Philadelphia, and graduated from the Economics Program of the University of the Pacific, Lima, Peru.

10.- **GILBERTO PEREZALONSO CIFUENTES.** Director of the Company and Member of the Board since 2002. Treasurer of Asociación Vamos México A.C., consultant to the Presidency of Grupo Televisa S.A., and member of its Board and Executive Committee since 1998. From 1980 until February 1998, he held various positions with Grupo Cifra, S.A. de C.V., the last position being that of General Director of Administration and Finance. From 1998 until April 2001, Executive Vice-President of Administration and Finance of Grupo Televisa S.A. He is also member of the Investment Committee of IBM de Mexico, Member of the Advisory Council of Banco Nacional de Mexico, S.A. de C.V., and member of the Board and of the investment committee of Afore Banamex Aegon, Siefore Banamex No. 1, Gigante S.A. de C.V., International Center for Human Development, Costa Rica and Masnegocio Co. S. de R.L. de C.V. He has a law degree from the Iberoamerican University and a

Master's Degree in Business Administration from the Business Administration Graduate School for Central America (INCAE). He has also attended the corporate finance program at Harvard University.

11.- **JUAN REBOLLEDO GOUT.** Director of SPCC since May 30, 2003. He has been International Vice-President of Grupo Mexico since 2001. He was Undersecretary of Foreign Affairs of Mexico from 1994 to 2000, and Deputy Chief of Staff to the President of Mexico from 1993 to 1994. Previously, he was Assistant to the President of Mexico (1989-1993), Director of the National Institute for the Historical Studies of the Mexican Revolution of the Secretariat of Government (1985-1988), Dean of Graduate Studies at the National Autonomous University of México, Political Science Department (1984-1985), and professor of said university (1981-1983). Mr. Rebollo holds a law degree from the National Autonomous University of Mexico, an MA in philosophy from Tulane University, and an LLM from Harvard Law School.

12.- **CARLOS RUIZ SACRISTÁN.** Director of SPCC since February 12, 2004. Owner and managing partner of Proyectos Estrategicos Integrales, a Mexican investment banking firm specialized in agricultural,

transport, tourism, and housing projects, since November 2001. Held various distinguished positions in the Mexican government, the last one being that of Secretary of Communication and Transportation from 1995 to 2000. While holding that position, he was also Chairman of the Board of Directors of the Mexican-owned companies in the sector, and member of the Board of Directors of development banks. Mr. Ruiz holds a bachelor's degree in business administration from the Anahuac University of Mexico City, and an MBA degree from Northwestern University of Chicago.

## EXECUTIVE OFFICERS

### GERMÁN LARREA MOTA-VELASCO

Chairman of the Board

### OSCAR GONZÁLEZ ROCHA

President and Chief Executive Officer

### JAIME FERNANDO COLLAZO GONZÁLEZ

Vice-President, Finance and Chief Financial Officer

### MARIO VINAGERAS

Vice-President, Commercial

### REMIGIO MARTÍNEZ

Vice-President, Exploration

### VIDAL MUHECH

Vice-President, Projects

### ARMANDO ORTEGA

Vice-President, Legal, General Counsel and Secretary

### JOSÉ N. CHIRINOS

Treasurer and Assistant of Comptroller

### LUIS ECHEVARRÍA S.S.

Assistant Secretary

### ERNESTO DURÁN TRINIDAD

Comptroller

### NEXT OF KIN

Messrs. Germán Larrea Mota-Velasco, Chairman of the Board of the Company, and Genaro Larrea Mota-Velasco, a Director of the Company, are brothers or kindred in second degree of consanguinity.

A company of which more than 50% of the voting power is held by a single entity, a "controlled company", need not comply with the requirements of the New York Stock Exchange ("NYSE") corporate governance rules requiring a majority of independent directors and independent compensation and nomination/corporate governance committees. SPCC is a controlled company as defined by the rules of the NYSE. Grupo Mexico owns indirectly 54.2% of the stock of the Company (63.1%, considering Class A common shares are entitled to five votes per share.) The Company has taken advantage of the exceptions to comply with the corporate governance rules of the NYSE. The Board of Directors of the Company determined that Messrs. Luis Miguel Palomino Bonilla, Gilberto Perezalonso, and Emilio Carrillo, the three members

of the Company's Audit Committee, are independent of management and financially literate in accordance with the qualifications of the NYSE and the Securities and Exchange Commission ("SEC"), as such qualifications are interpreted by the Company's Board of Directors in its business judgment.

To the best of the Company's knowledge, no other relationship of affinity and/or consanguinity exists among the other members of the Board, and between them and the Executive Officers of Southern Peru Copper Corporation.

## SPECIAL COMMITTEES OF THE BOARD

### SPCC'S BOARD OF DIRECTORS HAS ORGANIZED THE FOLLOWING SPECIAL COMMITTEES:

- 1) Executive Committee, sitting five members who substitute for the Board when sessions or decisions are required concerning urgent matters, or which the Board would have expressly delegated its mandate.
- 2) Audit Committee, sitting three independent Board members who are knowledgeable in accounting and financial matters. Its main purpose is to (a) assist the Board in monitoring (i) the quality and integrity of the Company's financial statements; (ii) the qualifications and independence of the indepen-

dent auditors;(iii) the appropriate performance of the internal audit function; and (iv) the Company's compliance with legal and regulatory provisions; and (b) prepare the report for the affidavit statement.

3) Compensations Committee, comprising four Board members, its principal objective is to evaluate and establish the remunerations of senior officials and key employees at the Company and its subsidiaries, and eventual raises in remuneration.

4) Share Incentive Plan, consisting of three independent Board members who are knowledgeable in accounting and financial matters. Their objective is to determine compensation schemes for senior officials and key employees at the Company through awards of ordinary Company stock as a way to improve management of corporate affairs and create a link between their interest and that of the shareholders.

5) Designations Committee, sitting four members of the Board who propose and evaluate candidates to represent the Company's common stockholders.

6) Corporate Governance Committee. Its four Board members have as their principal role to advise the Board on its functions and needs, develop and

recommend the approval of the Company's good governance principles, and overseeing the evaluation of the Board's and Management's performance.

7) The Special Committee for Divested Board Members sits four Board members who are independent from the Corporation's main shareholders and are designated to evaluate the announced merger between a company subsidiary and a Grupo México subsidiary, its main shareholder.

8) Administrative Committee Designated by the Board for (Employee Retirement Income Security Act – ERISA - USA) Benefits Plans. The Vice-President for Finance and Chief Financial Officer is the Board-appointed Trustee for the Company's Benefits Plans subject to US regulations, including ERISA. This Officer will appoint an Administrative Committee sitting four management members whose purpose is to administrate and manage those plans and to oversee the performance of the trust agents and others charged with investing the plans' monies.

#### **ADMINISTRATION AND BOARD INCOME**

Total remuneration of Board and Administration members in relation to the Company's gross income is 0.41%.

#### **ANNUAL MEETING**

The annual stockholders meeting of Southern Peru Copper Corporation will be held on Thursday, April 29, 2005 at 17:00 PM, Mexico City time, at Avenida Baja California N° 200, Fifth Floor, Colonia Roma Sur, Mexico City, Mexico.

#### **CORPORATE OFFICES**

2575 E. Camelback Rd., Suite 500,  
Phoenix, AZ 85016, U.S.A.,  
Phone: (602) 977-6595,  
Fax: (602) 977-6700.

Avenida Caminos del Inca No. 171,  
Chacarilla del Estanque, Santiago de Surco,  
Lima 33, Peru  
Phone (511) 372-1414, Ext. 3211,  
Fax (511) 372-0062

#### **TRANSFER AGENT, REGISTRAR AND STOCKHOLDER SERVICES**

The Bank of New York  
101 Barclay Street  
New York, NY 10286  
Phone 800/524-4458

#### **DIVIDEND REINVESTMENT PROGRAM**

SPCC stockholders can have their dividends automatically reinvested in SPCC common shares. SPCC pays all administrative and brokerage fees. This plan is administered by The Bank of New York. For more information, contact The Bank of New York at 800/524-4458.

#### **STOCK EXCHANGE LISTING**

The principal markets for SPCC's Common Stock are the New York Stock Exchange and the Lima Stock Exchange. SPCC's Common Stock symbol is PCU on both the NYSE and the Lima Stock Exchange.

#### **OTHERS**

The Branch in Peru has issued, in accordance with Peruvian law, 'investment shares' (formerly named labor shares) that are quoted in the Lima Stock Exchange under symbols S-1 and S-2. Transfer Agent, registrar and stockholders services are provided by Banco de Credito of Peru at Avenida Centenario 156, La Molina, Lima 12, Peru. Phone 51 (1) 348-5999, Fax 511-349-0592.

#### **OTHER CORPORATE INFORMATION**

For other information on the corporation or to obtain additional copies of the annual report, contact the Corporate Communications Department at our headquarters.

#### **SOUTHERN PERU COPPER CORPORATION**

2575 E. Camelback Rd., Suite 500, Phoenix, AZ 85016,  
U.S.A., Phone: (602) 977-6500, Fax: (602) 977-6700.  
NYSE Symbol: PCU.

Avenida Caminos del Inca 171 (B-2), Chacarilla del Estanque, Santiago de Surco – Lima 33 - Peru./ Lima Stock Exchange Symbol: PCU.

**Web Page:** [www.southernperu.com](http://www.southernperu.com)

**Email address:** [spcc@southernperu.com.pe](mailto:spcc@southernperu.com.pe)

#### **FORM 10-K. CERTIFICATION IS REQUIRED BY THE NEW YORK STOCK EXCHANGE.**

Many of the Securities and Exchange Commission information requirements are contained in this 2000 Annual Report. A copy of SPCC's 2000 Form 10-K (excluding exhibits) will be available after May 1, 2001, upon request to the Corporate Communications Department.

The Company has filed with the NYSE the 2004 certification that the Chief Executive Officer is unaware of any violation of the corporate governance standards of the NYSE. The Company has also filed with the SEC the certifications required under Section 302 of the Sarbanes-Oxley Act of 2002, as exhibits to the 2003 Annual Report on Form 10-K. The Company anticipates filing, on a timely basis, the 2005 NYSE certification and the Section 302 certifications as exhibits to the 2004 Annual Report on Form 10-K.

**MEMBERS OF THE BOARD OF DIRECTORS**

Germán Larrea Mota-Velasco

Emilio Carrillo Gamboa

Jaime Fernando Collazo González

Xavier García de Quevedo Topete

Oscar González Rocha

Harold Handelsman

Genaro Larrea Mota-Velasco

Armando Ortega G.

Luis Miguel Palomino Bonilla

Gilberto Perezalonso Cifuentes

Juan Rebolledo Gout

Carlos Ruiz Sacristán

**AUDIT COMMITTEE**

Emilio Carrillo Gamboa, Presidente del Comité

Luis Miguel Palomino Bonilla, and

Gilberto Perezalonso Cifuentes

**EXECUTIVE OFFICERS****GERMÁN LARREA MOTA-VELASCO**

Chairman of the Board

**OSCAR GONZÁLEZ ROCHA**

President and Chief Executive Officer

**JAIME FERNANDO COLLAZO GONZÁLEZ**

Vice-President, Finance and

Chief Financial Officer

**MARIO VINAGERAS**

Vice-President, Commercial

**REMIGIO MARTÍNEZ**

Vice-President, Exploration

**VIDAL MUHECH**

Vice-President, Projects

**ARMANDO ORTEGA**

Vice-President, Legal, General Counsel and Secretary

**JOSÉ N. CHIRINOS FANO**

Treasurer and Assistant Comptroller

**ADMINISTRATION OF THE BRANCH****OSCAR GONZÁLEZ ROCHA**

President and Chief Executive Officer

**JOSÉ N. CHIRINOS**

Director of Comptroller, Finance and Administration

**JOSÉ I. DE LOS HEROS**

Commercial Director

**LUIS E. ECHEVARRIA**

Legal Manager (a.i. Legal Director)

**ALBERTO J. GILES**

Human Resources Director

**MANUEL A. PLENGE**

Logistics Director

**ELSIARIO ANTÚNEZ DE MAYOLO**

Director of Cuajone Operations

**EZIO BUSELLI**

Director of Environmental Services

**EDGARD CORRALES**

Exploration Director

**FERNANDO MEJÍA**

Director of Toquepala Operations

**WILLIAM E. TORRES**

Director of Ilo Operations