



05

ANNUAL REPORT

[SOUTHERN COPPER CORPORATION]

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SOUTHERN COPPER

STATEMENT OF RESPONSIBILITY

"The present document contains truthful and sufficient information regarding the development of the business of Southern Copper Corporation during 2005. Southern Copper Corporation takes responsibility for its content according to applicable legal requirements."



Armando Ortega Gomez
Vicepresident, General Counsel
and Secretary



Jose N. Chirinos Fano
Comptroller

CONVERSION INFORMATION: All tonnages in this annual report are metric tons unless otherwise noted. To convert to short tons, multiply by 1.102. All distances are in kilometers. To convert to miles, multiply by 0.62137. All ounces are troy ounces. U.S. dollar amounts represent either historical dollar amounts, where appropriate, or U.S. dollar equivalents translated in accordance with generally accepted accounting principles in the United States. "SCC", "Southern Copper" or the "Company" includes Southern Copper Corporation and its other consolidated subsidiaries.

[the future is global]

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SOUTHERN COPPER CORPORATION AND SUBSIDIARIES OPERATING HIGHLIGHTS (TONS)

OPERATING AREA OR PLANT		2005		2004
Toquepala	Total material moved (ooo's)	134,505	R	115,120
	Copper in concentrate	157,456		160,852
	Molybdenum produced	5,324		6,004
Cuajone	Total material moved (ooo's)	109,855		101,265
	Copper in concentrate	163,659		194,389
	Molybdenum produced	5,279		4,657
Smelter/refineries in Peru	Cathodes produced	36,498		42,125
	Concentrates smelted	1,206,252		1,213,030
	Blister produced	325,623		320,722
	Cathodes produced	285,205	R	280,679
Mexicana de Cobre – Caridad	Total material moved (ooo's)	75,465		72,430
	Copper in concentrate	122,317		110,385
	Molybdenum produced	4,200		3,712
Cananea	Total material moved (ooo's)	102,508		93,160
	Copper in concentrate	118,741		123,228
Smelter/refineries in Mexico	SX/EW Cathodes	78,454		71,975
	Concentrates smelted	894,735		820,459
	Anode produced	282,412		250,890
	Cathodes produced	233,685		202,146
	Rod produced	113,167		69,529
Underground	Zinc	143,609		133,778
	Lead	19,545		18,842
	Copper	12,804		15,053
	Silver (Kilograms)	316,723		325,652
	Gold (Kilograms)	125		164

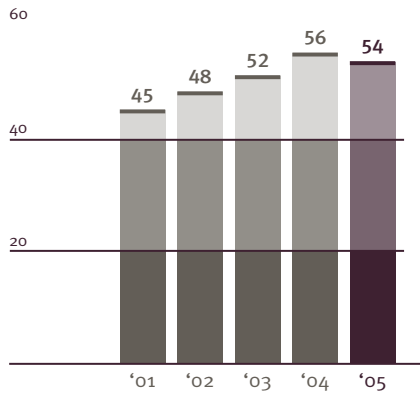
R: Production records.

COPPER RESERVES

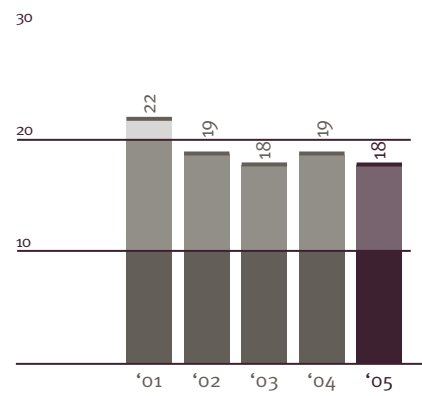
	Peruvian Open Pit Operations		Mexican Open Pit Operations		Total Open Pit Mines	IMMSA
	Cuajone	Toquepala	Cananea	La Caridad		
Copper Reserves (Thousand tons)						
Sulfides	1,935,407	2,174,479	3,759,426	1,562,184	9,431,496	41,644
Average Grade:						
Copper	0.561%	0.580%	0.494%	0.315%	0.498%	0.51%
Molybdenum	0.019%	0.032%	-	0.028%	0.026%	
Leachable	11,604	2,777,807	1,499,915	1,489,303	5,778,629	
Leachable Material Grade	0.568%	0.172%	0.226%	0.157%	0.183%	
Waste	5,022,010	7,364,671	3,979,732	540,455	16,906,868	
Total material	6,969,021	12,316,957	9,239,073	3,591,942	32,116,993	
Stripping ratio	2.60	4.66	1.46	1.30	2.41	

MAIN SCC STATISTICAL DATA

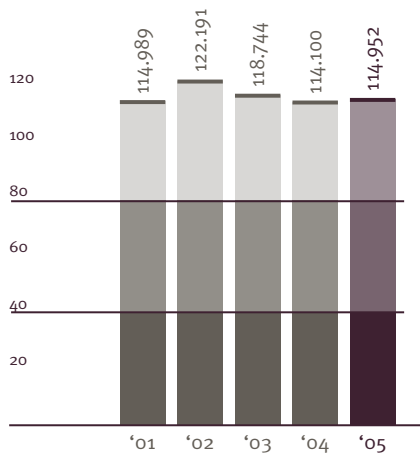
PRODUCTIVITY
(TONS OF COPPER PER EMPLOYEE)



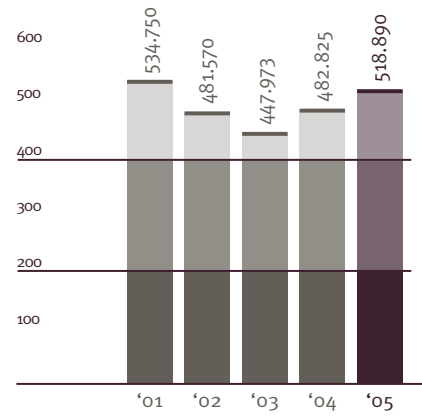
ACCIDENTS
(MILLION HOURS PER MAN)



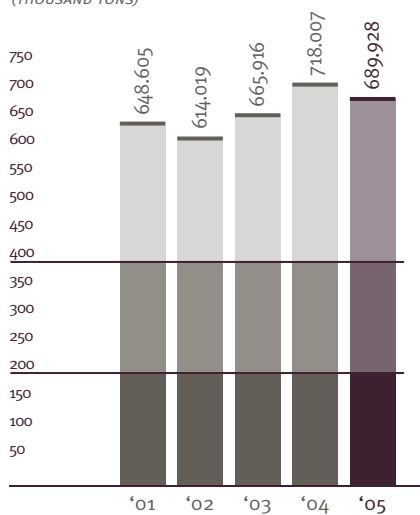
SX/EW PRODUCTION
(THOUSAND TONS)



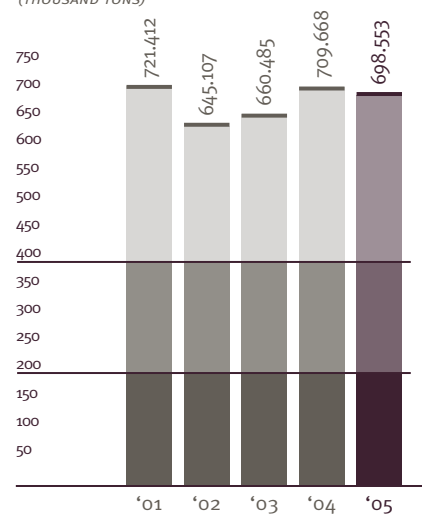
REFINERY PRODUCTION
(THOUSAND TONS)



COPPER PRODUCTION
(THOUSAND TONS)



COPPER SALES
(THOUSAND TONS)



Letter to the Shareholders

2005 has been an extraordinary year for Southern Copper Corporation (SCC) (formerly named Southern Peru Copper Corporation). On April 1, 2005, we completed the acquisition of Minera Mexico with the issuance of an additional 67.2 million shares of common stock to our principal shareholder, Grupo Mexico. With this acquisition we have almost doubled the size of our Company and more than doubled our mineral reserves. Our sales reached \$4.1 billion and net earnings were \$1.4 billion, an increase of 32.8% and 42.5% respectively as compared with 2004.

These record results are mainly due to the higher metal prices as well as a reduction in operating costs, and reflect our commitment to be a more efficient mining operation and a more integrated company.

We would like to highlight the strength of our balance sheet, as evidenced by an increase of US\$512.5 million, or 18.2%, in stockholder's equity, a decrease of US\$158.2 million in long-term debt and an increase in US\$120.0 million in cash and marketable securities.

In 2005, average market prices for our main products increased significantly over 2004. The COMEX average copper price was \$1.68 per pound in 2005, compared to \$1.29 in 2004, an increase of 30.4%. The zinc average price was \$0.63 per pound, 31.9% higher than the \$0.48 per pound, from the previous year. The silver average price was US\$7.32 per pound, 9.6% higher than the \$6.68 recorded in the previous year. The gold average price was \$444.88 per ounce, an 8.7% increase compared with \$409.21 in 2004. The molybdenum average price was US\$31.05 per pound, 94.7% higher than the \$15.95 recorded in 2004.

Given the price strength of our main product, copper, we have not acquired copper hedges for 2006 or future years. Based on copper consumption growth, the improvements in metal prices, our estimates, general market and independent analysts expectations, we have taken this position as we believe this will permit SCC to retain the entire benefits from copper prices.

The Ilo Peru smelter modernization project is moving ahead on schedule with detailed engineering completed and construction work in process in

order to finish by the end of 2006. The anode casting wheel part of this project was successfully hot tested in the first quarter of 2006 replacing Ilo blister production with anodes. We now directly feed the refinery and have eliminated the re-melting of blister into anode form. We estimate that this will save the Company two cents per pound in our smelting and refining cost at the Ilo operations. At December 31, 2005, the smelter project has reached 64% completion. Additionally, the Company's leaching dumps, crushing and conveying project at the Toquepala mine is in production. The primary crusher was placed in operation in August. The overland conveyors 1, 2 and 3, and the grasshoppers 30 and 31 were put on the production line. The conveying system reached its rated capacity of 6,500 ton/hr at the end of September 2005. The construction of the ramp will continue until completion in August 2006.

Regarding exploration activities in Peru, the drilling program at our promising Los Chancas project was concluded. The process for the pre-feasibility study has been started and should be completed by July 2006. The drilling program at Tia Maria was completed in March 2006 and we have begun the economic evaluation of the project.

The Cananea mine's new SX/EW plant project is currently underway. In its first stage, it is expected to produce 10,500 tons of additional copper by the end of 2007. Studies for a 22,900 ton subsequent expansion of the SX/EW plant are also being underway. As the Cananea mine has the largest quantity of our copper reserves, we are studying several possibilities for expanding it to a scale that fully maximizes its potential.

We continue to integrate aspects of our Peruvian and Mexican facilities to achieve operational synergies. We are working to achieve additional economic benefits as we further integrate our operations utilizing best practices throughout our Peruvian and Mexican operations. In December 2005, a team from our Peruvian and Mexican operations and an independent consulting group was formed to review the support operations of the two locations. The team is responsible for completing this review in 2006, recommending best practice and implementing such recommendation prior to 2007.

Currently, SCC has mining operations in Peru and Mexico and exploration operations in both countries as well as Chile. The exploration and development of these properties will permit the Company to increase its reserves, as well as its future prospects.

The projects Southern Copper is executing will consolidate even more our position among the principal metal producers in the world, which we believe indicates a more satisfactory economic return for shareholders and a greater contribution for the countries and localities where we operate, as well as appropriate benefit for our workers.

On behalf of Southern Copper Corporation's Board, we express our thanks to all the personnel for their effort, work and dedication and to our clients for their continued trust and loyalty, and to you, our shareholders, for your permanent support.



German Larrea Mota-Velasco
Chairman of the Board



Oscar Gonzalez Rocha
President and Chief Executive Officer

SOUTHERN COPPER CORPORATION AND SUBSIDIARIES

FIVE-YEAR PRODUCTION STATISTICS

	2005	2004	2003	2002	2001
Copper production Mined (tons)					
Material Mined (thousand)	426,951	386,364	356,600	357,635	385,666
Copper in concentrates	574,976	603,907	547,172	491,828	533,616
Copper SX/EW	114,952	114,100	118,744	122,191	114,989
Total copper	689,928	718,007	665,916	614,019	648,605
Molybdenum in concentrates	14,803	14,373	12,521	11,747	13,869
Zinc in concentrates	143,609	133,778	128,760	135,442	149,252
Silver in concentrates	575,266	576,372	559,941	562,219	617,575
Smelter/refineries production					
Copper	629,353	594,278	537,501	579,905	676,038
Zinc	101,523	102,556	101,069	92,012	107,005
Silver (thousand ounces)	12,487	10,796	12,147	15,536	15,799
Toquepala					
Material Mined (thousand)	134,505	115,120	105,242	102,145	99,492
Copper in concentrates	157,456	160,852	142,373	125,424	122,751
Molybdenum in concentrates	5,324	6,004	4,153	4,215	4,098
Cuajone					
Material Mined (thousand)	109,855	101,265	97,471	99,589	101,702
Copper in concentrates	163,659	194,389	184,528	168,208	165,085
Molybdenum in concentrates	5,279	4,657	4,867	4,104	4,253
Smelter/refineries in Peru					
SX/EW	36,498	42,125	47,756	52,854	54,428
Smelted concentrates	1,206,252	1,213,030	1,182,870	1,183,816	1,165,062
Blister produced	325,623	320,722	314,920	316,493	328,241
Cathode produced	285,205	280,679	284,006	281,669	277,260
Mexicana de Cobre – Caridad					
Material Mined (thousand)	75,465	72,430	73,916	62,592	84,204
Copper in concentrates	122,317	110,385	107,236	91,925	140,760
Molybdenum in concentrates	4,200	3,712	3,501	3,428	5,518
Cananea					
Material Mined	102,508	93,160	75,692	88,435	94,551
Copper in concentrates	118,741	123,228	94,103	86,641	82,198
Smelter/refineries in Mexico					
SX/EW	78,454	71,975	70,988	69,336	60,561
Smelted concentrates	894,735	820,459	629,505	700,278	947,175
Anode produced	282,412	250,890	199,033	239,031	317,133
Cathode produced	233,685	202,146	163,965	199,901	257,490
Rod produced	113,167	69,529	53,822	97,485	129,562
Underground					
Contents in concentrates (tons)					
Zinc	143,609	133,778	128,760	135,442	149,252
Lead	19,545	18,842	20,884	23,800	28,991
Copper	12,804	15,053	18,932	19,630	22,822
Silver (Kilograms)	316,723	325,652	334,993	380,695	420,947
Gold (Kilograms)	125	164	217	266	278

SOUTHERN COPPER CORPORATION AND SUBSIDIARIES

FIVE-YEAR SELECTED FINANCIAL AND STATISTICAL DATA

FOR THE YEARS ENDED DECEMBER 31,
(IN MILLIONS, EXCEPT PER SHARE AND
EMPLOYEE DATA)

	2005	2004	2003	2002	2001
Consolidated statement of earnings					
Net sales	\$ 4,113	\$ 3,097	\$ 1,577	\$ 1,388	\$ 1,560
Operating costs and expenses	2,018	1,614	1,251	1,201	1,485
Operating income	2,095	1,483	326	187	75
Minority interest of investment shares in income of Peruvian Branch	12	5	4	9	(3)
Cumulative effect of change in accounting principle, net			(2)		
Net earnings	\$ 1,400	\$ 982	\$ 84	\$ 145	\$ (110)
Per share amount					
Net earnings - Basic and diluted	\$ 9.51	\$ 6.67	\$ 0.57	\$ 0.98	\$ (0.75)
Dividends paid	\$ 5.80	\$ 1.30	\$ 0.31	\$ 0.19	\$ 0.19
Consolidated balance sheet					
Total assets	\$ 5,688	\$ 5,319	\$ 4,491	\$ 4,419	\$ 4,481
Cash and marketable securities	876	756	352	175	261
Total debt	1,172	1,330	1,671	1,621	1,714
Stockholder's equity	3,326	2,814	2,023	1,882	1,752
Consolidated statement of cash flows					
Cash provided from operating activities	1,644	1,172	65	182	N/A (1)
Dividend paid	854	191	45	22	29
Capital expenditures	471	228	65	85	181
Depreciation & depletion	277	193	177	158	166
Capital stock					
Common shares outstanding	147.2	147.2	147.2	147.2	147.2
NYSE Price – high	\$ 70.60	\$ 54.10	\$ 48.85	\$ 15.54	\$ 15.10
Price – low	\$ 41.63	\$ 26.53	\$ 14.42	\$ 10.82	\$ 8.42
Book value per share	\$ 22.59	\$ 19.11	\$ 13.74	\$ 12.78	\$ 11.90
P/E ratio	7.04	7.08	83.11	15.41	(20.25)
Financial ratios					
Current assets to current liabilities	2.15	1.70	1.88	1.64	0.46
Debt as % of capitalization	8.2%	17.0%	39.5%	43.4%	45.4%
Employees (at year end)	12,888	12,794	12,713	12,714	14,320

(1) No available

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first



Expansion and Modernization Program

OPERATIONS IN PERU

Concerning the expansion and modernization programs that have been taking place in recent years, we can announce the following:

In Toquepala, the Leaching Dumps, crushing and conveying Project reached 94% progress in December 2005. The new primary crusher was placed in operations and the overland conveyors 1, 2 and 3, bridge equipment, spreader and first stretch of belt 15 with 3.7 kilometers in length, started operating. This equipment is being used to make the ramp that will provide access to leachable deposit formations at level 2875. At the end of the year, 4.5 million tons of waste material were deposited and the ramp construction is estimated to be completed in the third quarter of 2006.

The New PLS Dams Construction Project is being developed. This project complements the Leaching Dumps Project, since these new deposits will require new collection dams because the ones existing will be covered by leachable materials to be deposited in the area. At December 2005, the project had reached 47% progress. The sedimentation and landslide contention dams were finished. The PLS dam reached 68% progress. In another area of the project, the new power sub-station was completed and is now under operation. Equipment and materials are currently being sought for the following stage referring to PLS and raffinate driving lines. This involved essentially pipes and pumps, as well as the acquisition of material and equipment for a power distribution system at 13.8 Kv.

Studies on possible sites for Tailings Disposal were finished. Analysis of alternatives were completed and we decided to expand the current Quebrada Honda dam, using the conventional cycloning method. Engineering started in December and at the same time the existing auxiliary dikes were raised two meters to make sure decanted water does not flow towards Quebrada Santallana.

Regarding the new copper press filter in Toquepala, the installation was completed and it is in operation since June 2005.

The Ilo Smelter Modernization Project, the new Smelter will use an Isasmelt furnace and two rotating furnaces at the copper concentrate fusion stage to separate matt from slag. The conversion stage will be realized in four 15 feet diameter and 35 feet long Pierce Smith converters. Out of these, three will be re-furbished and one will be new. A new Anode Plant, a new Sulfuric Acid Plant and a new Oxygen Plant will be installed, as well as the other necessary auxiliary facilities.

Processing capacity will be 1.2 million tons of copper concentrate per year. Sulfur capture will be 95%, above current environmental legislation requirements. The final product of the new Smelter will be copper anodes instead of the blister bars that were produced before.

In 2005, construction works continued, reaching 64% progress to December 2005. The Acid Plant construction works reached 46% progress with the completion of civil works. Current work is assembly of main equipment. Oxygen Plant construction works have progressed by 56%, mechanic assembly is practically finished and electric and instrumentation assembly was started. The Anode Plant is almost finished and cold tests have been performed. Hot tests with refined copper in the new furnaces were made in January 2006.

HDPE underground piping and electric duct installation works were finished; installations for reception of GLP were completed, and are now the most modern in Peru. The civil works of the new seawater intake are concluded. The civil works for the rest of the project show a 93% progress.

The contract to manufacture and install tanks is 58% completed, pending still is the installation of 22,500 tons tanks for receiving and storing sulfuric acid produced by the new and existing Acid Plants.

The Isasmelt fusion furnace and the rotating furnaces to separate matte from slag are already placed on their pedestal shoes and we have been working on mounting the smelter building structures. Likewise, we have been installing metallic structures in the feeding hoppers that feed the Isasmelt furnace and in the electrostatic precipitator area. On the other hand, we have been working and installing all kinds of ducts for the system to manage the collection of gasses of the converters and installing the other project's main equipment, such as electric transformers, desalting plants, among others.

We started obtaining permits to install a maritime terminal to embark the sulfuric acid that will be produced due to the modernization. The terminal consists of a pier on the Pacific ocean in the sector called Bahia Tablones west of the coastal Ilo-Matarani road and the coast, 15 km north of the city of Ilo and south of the Smelter.

The call for tenders started for the Los Chancas project pre-feasibility study. We expect to complete such studies on the third quarter of 2006.

OPERATIONS IN MEXICO

Sulfuric Acid Plant Optimization Project at La Caridad Metallurgic Complex

Optimization of the Sulfuric Acid Plant at La Caridad Metallurgic Complex was commenced. This will permit us to increase gas management capacity and ensure fusion content of the Smelting Plant at 1 million tons of concentrate per year.

Acid Plant No. 1 will increase its 223,421 capacity to 240,000 m³ of gases (dry base) and the increase in Acid Plant No. 2 will be from 190,139 to 220,000 m³ of gases (dry base). Optimization works in both plants were the design change to the distributions in the drying towers, intermediate

PROCESSING CAPACITY WILL BE 1.2 MILLION TONS OF COPPER CONCENTRATE PER YEAR. SULFUR CAPTURE WILL BE 95%, ABOVE CURRENT ENVIRONMENTAL LEGISLATION REQUIREMENTS.

absorption and final absorption tower distributors, as well as the renewal of fog removers. These optimization works will continue in March 2006.

Santa Barbara Unit Expansion

The project consists on expanding the mineral extraction capacity from inside the mine to the surface with a 1,354 meters conveyor belt. With this project we will have access to the San Diego mine reserve, which metal contents are the greatest in all the unit. In 2005, the first 900 meters were finished. The 454 remaining meters plus the infrastructure needed for ore transportation will be completed in 2006.

San Martin Unit Shaft Deepening

The two phase project to deepen the unit's shaft will permit to improve the extraction of the ore reserves at the least possible cost.

The First phase contemplates sinking 220 meters of shaft and the necessary works for the crusher equipment. All the mining works are completed and the last days of August 2006 have been fixed as the testing and startup date.

It will be necessary to deepen interior II shaft in 2007-2008, as well as building new load installations. 330 shaft meters will be sunk at this stage, giving the unit's operation continuity and permitting it to reach the highest mineral potential level.

Coal Extraction Expansion

SCC Mexican Division has 67 million tons of coal in reserve. In 2005, the first project stage to increase coal production to 2 million tons per year was started, this first stage means preparation and exploitation of the eastern zone with long wall mining system and an estimated production of 900,000 tons.

The second stage contemplates preparing and exploiting the reserves located in the Western Zone to reach an additional production of 1.1 million annual tons.

In 2006, construction works at the new mine will be started to be able to extract the coal.

Power Generation Plant Construction

The Mexico division will invest more than \$600 million to build a new power generation plant for its own consumption. The plant will have a generation capacity of 450 MW per year, using the coal that comes from its own reserves located in the state of Coahuila.

The plant will use circulating fluidized bed technology ensuring clean power generation, which will comply with every domestic and international environmental requirement.

The project will represent considerable savings in the cost of kw/hr consumed by mining and metallurgic units in Mexico, permitting them to have competitive power and long-term cost certainty. This will be added to an increase of SCC's coal operations in Mexico, which will bring about more jobs and revenues.

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second



Exploration

We are committed with an intense exploration program to locate new mineralized bodies in Peru, Mexico and Chile. We spent \$24.4 million in exploration programs in 2005, \$15.6 million in 2004 and \$17.9 million in 2003, and we have budgeted \$33.4 million for 2006.

We currently control 99,537 hectares of mining rights in Peru. In Mexico we control 505,127 hectares in exploration and exploitation concessions. We also hold 38,200 hectares of exploration concessions in Chile.

PERU

Los Chancas. The Los Chancas project, located in the department of Apurímac in the south, is a copper and molybdenum porphyry deposit. In 2004, we completed the final phase of the diamond drilling program and the second and the final phase of metallurgic testing. In 2005, several companies have been invited to present proposals for execution of pre-feasibility studies that will begin in 2006. Once completed, we will be able to make a determination if more exploration is needed or if the project contains commercially mineable reserves, which would warrant future development after comprehensive economic, technical and legal feasibility studies are completed. Testing to date indicated a mineral deposit of 200 million tons with a copper grade of 1.0%, 0.07% of molybdenum and 0.12 grams of gold per ton.

Tantahuatay. The Tantahuatay project is located in the department of Cajamarca, in the north. We have performed exploration work in the upper part of the deposit, principally for gold recovery. Work to date indicates mineralization of 27.1 million tons, with an average gold contents of 0.89 grams per ton and 13.0 grams of silver per ton. This project, in which we we have a 44.25% share, continues in the exploratory stage. In 2004 and 2005, we concentrated our efforts on dealing with the social and environmental concerns of communities near the project.

Tia Maria. The Tia Maria project, located in the department of Arequipa, in the south, is a copper porphyritic system. In 2005, a total of 29,000 meters of diamond-drilling was completed out of the 15,000 meters initially projected. The drilling is continuing into 2006 to complete the program. This project is in the exploratory stage but we expect to commence the feasibility study in the second quarter of 2006.

La Caridad Unit, drilling operation, Mexico



WE ARE COMMITTED TO AN INTENSE EXPLORATION PROGRAM TO LOCATE NEW MINERALIZED BODIES IN PERU, MEXICO AND CHILE. WE SPENT \$24.4 MILLION IN EXPLORATION PROGRAMS IN 2005, \$15.6 MILLION IN 2004 AND \$17.9 MILLION IN 2003, AND WE HAVE BUDGETED \$33.4 MILLION FOR 2006.

Other prospects in Peru. As part of the 2005 exploration and development program, we programmed drilling at the Gloria Cristina prospect, located in the north of Peru, in the departments of La Libertad and the El Fiscal prospect, in the south, in the department of Arequipa. The El Fiscal project shows evidence of copper-gold mineralization and we are scheduling additional drilling as part of the 2006 exploration and development program.

MEXICO

Drilling programs of 40,500 and 19,000 meters were developed in the Cananea and La Caridad mines, respectively. These projects aim at defining reserves and carrying out metallurgic tests to improve recovery at the plants.

The El Arco project, containing measured resource of 846 million tons of a 0.51% sulphide copper grade and 170 million tons of an oxide copper grade of 0.56%, technical studies were completed to locate 150 liters per second of fresh water for the SX/EW process. We are currently waiting for the corresponding permits to test results with direct drilling.

Panoramic view, Toquepala Unit, Peru



In the Coahuila state, we continued the exploration activities to identify additional reserves to the current 67 million tons. In the Guayacan zone 11,714 meters were drilled, showing an important additional potential.

The Environment Secretariat and Natural Resources (SEMARNAT) and Guanajuato Ecology Institute permits were obtained to explore for gold, silver, copper, zinc and lead, in the claim Reduccion Leon located in Sierra de Lobos, Guanajuato.

Likewise, 5,284 meters were drilled at the Morelos Sur project located in the Guerrero state. Studies show it is still interesting due to its amounts of gold and silver.

The Company controls 770 claims in exploration totaling 296,227 hectares with exploration and exploitation rights. However, with the changes in mining legislation as from January 2006, they will only be called mining concession rights.

Generally, at all these claims, we are carrying out geology, geophysics, inspection, exploration, conservation and necessary infrastructure works.

CHILE

In 2003, we bought several exploration properties in Chile with more than 35,000 hectares in mining rights. In 2004, we started exploration works with diamond drilling in the El Salado prospect.

El Salado. It is located in the Atacama region, and occupies a 2,700 hectares area. It is being explored for copper and gold mineralization. 11,079 meters of diamond drilling were performed in 2005.

Other prospects in Chile. Catanave and Esperanza, located in the Tarapaca and Atacama regions, respectively, in the north of Chile, are programd for exploration in the near future.

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third



Community Outreach

OPERATIONS IN PERU

Southern Copper substantially stimulates the economy in the south of the country and is particularly identified with the sustainable development and wellbeing of the Tacna and Moquegua population, promoting and carrying out Social Investment actions in the neighboring communities. This is undertaken by co-management with different public entities and the population. SCC directs its community outreach to the geographic environment as a facilitator for social-economic development. Southern Copper is a good corporate social neighbor and is environmentally responsible. It evidences this approach through co-participatory projects.

In 2005, SCC developed, among others, the following projects:

- **Water resource management:** In the Torata valley (Moquegua), the 7th Stage of the Chilligua canal construction is being completed. At the same time, we are promoting water use optimization through training and practical courses to users and the installation of 60 gates, as well as the repair of the main water intakes. We continued supporting the Torata User Board logistically and technically so they can participate in local participatory budgeting. In Candarave (Tacna), the Marisol Water Divide was built. This will benefit the district of Cairani, Huanuara, Candarave and Quilahuani. We are also building and rehabilitating minor irrigation infrastructure in ten Irrigation Committees. In Higuera, we are exploring the possibility of drilling a well to draw underground water.
- **Agriculture:** In Candarave, potato and oregano seed areas were strengthened. We also fostered sowing of oat seeds. We continued renewing alfalfa plantations, by improving water consumption and fostering feed oat sowing. At the same time we started researching biological greenfly control. In Torata, we are training producers to grow more profitable crops for their families. In the Locumba and Ite valleys we are working on irrigation infrastructure.
- **Cattle raising:** In Candarave, we continued supporting genetic improvement of sheep, promoting cattle raising and dairy industry, as well as the artificial insemination and cattle stalling programs. In Torata, we provide technical and animal health assistance. We created the Torata Alta Farming Producer Association and, together with them, we started a family farm program for guinea pig raising. In Suches-Huaytire-Tacalaya, we are starting a genetic research program with South American camelids. At the same time, we continue working in controlling sarcosistiosis and promoting sale of camelid meat. To do so, we are completing the construction of a slaughter area in Huaytire. In Higuera, (Ilabaya-Tacna), the reproduc-

SCC DIRECTS ITS COMMUNITY OUTREACH TO THE GEOGRAPHIC ENVIRONMENT AS A FACILITATOR FOR SOCIAL-ECONOMIC DEVELOPMENT. SOUTHERN COPPER IS A GOOD CORPORATE SOCIAL NEIGHBOR AND IS ENVIRONMENTALLY RESPONSIBLE. IT EVIDENCES THIS APPROACH THROUGH CO-PARTICIPATORY PROJECTS.

ing guinea pig raising project was strengthened and we provide permanent technical assistance on animal health and cattle management to the different communities devoted to this field. In Arondaya (Cuajone), we are continuing a program to develop the existing subsistence cattle raising so as to improve raising of camelids, sheep and goats, by training area youths in veterinary management.

- **Commercial development:** In Candarave, we are strengthening the sale of meat through the Farming Producer Association made up by the same cattle raisers who are trained and advised by SCC technicians. Currently, they manage their organization successfully and have refrigerated trucks and two equipped stores, one in Toquepala and one in Cuajone. In Higuera, we strengthen a guinea pig sale channel directly from the farm to the Toquepala soup kitchens and concessionaires.
- **Basic infrastructure:** We channeled the Locumba river from Ilabaya to the Locumba bridge. In the Huaytire alpaca producing zone, we continued building shelters, reproduction mod-

ules (for controlled population) and fences around paddocks, to facilitate rational use of pasture.

- **Capacity improvement:** In Candarave we organized Christmas choir contests. We promoted the organization of youth through Interquorum Network at provincial level.
- **Additional activities:** We sponsored agricultural fairs in Candarave and Torata.

In 2005, the results reached by the Company's Social Program were highly satisfactory, due, among other things, to daily and permanent sharing of our technicians with the neighboring communities. This permitted to leverage their strengths, prioritize their needs, identify their deficiencies and try to minimize them and, by doing so, we contributed to improve their living conditions and efficiently manage the relationship between our company and the neighboring areas.

OPERATIONS IN MEXICO

IMMSA DIVISION

The IMMSA Division actively participates by promoting environmental culture, working with elementary schools where we give talks, workshops, courses, promote recycling, ecologic creativity, ecologic journeys and camps aiming at educating environmental leaders that may foster ecologic awareness.

The Division coordinates with different institutions of the health sector to carry out educational and training activities, such as talks, courses, campaigns concerning hygiene, nutrition, drug addiction, among others. It also supports health sector institutions to carry out vaccination campaigns.

The Company is concerned with the education and development of the community and gratuitously gives cosmetic, sewing, manual work, first aid, information technology, baking, yoga courses and workshops, as well as information sessions on health and environmental self-care, among others.

Besides, the IMMSA Division promotes sport among the population, providing them with facilities to access their fields and facilities where more than 40 amateur soccer teams, more than 50 baseball and softball teams participate. Several educational institutions also hold their inter-institutional matches there. In neighboring towns we hold national day and charity activities. Said

division also promotes the IMMSA Children Soccer League – INFONAVIT MORALES, and participates in organizing, disseminating and co-sponsoring several athleticism events.

IMMSA participates with the San Luis Potosi municipality monthly providing them more than 50,000 m³ of water by the interconnection of the municipal network. Besides, it participates in paving streets and sidewalks, as well as in city landscaping.

CANANEA AND LA CARIDAD UNITS

Cananea and La Caridad participate in promoting the environmental culture and they are present in different forums on this matter, as well as in community non-governmental organizations.

La Caridad Unit has a nursery where trees of different regional species are grown. They are gratuitously distributed to institutions and individuals, who simply commit to take care of the trees' development.

The Cananea Unit contributes with maintaining the Cananea city nursery, with the same aims as the La Caridad Unit nursery.

Additionally, these Units support the Hermosillo City Ecologic Center, located in the state of Sonora, and contribute to the conservation of the Mexican Gray Wolf. This is a wolf species that lives in the region and is endangered.

The emergency brigades of both Units support laboring communities in case of fire, natural disasters or environmental contingencies. Besides, the Cananea Unit cooperates with the Volunteer Firefighter Body by making preventive maintenance of their 4 firefighting equipment.

The La Caridad Unit organizes different socio-cultural activities such as manual workshop, baking, pottery, guitar playing and carpentry. It also organizes exhibits and talks on pre-school education, children development, and personal achievement, among others.

On January 6, the La Caridad Unit distributed toys among low income population of Esqueda, in the state of Sonora.

The Cananea Unit is totally charged with maintaining the Cananea city public library, which is classified as the sixth in the state of Sonora. This library provides free Internet service and workshops for children during vacations.

Similarly, the city Museum is maintained by Cananea. Here, they exhibit objects, documents and historical documents and photographs and there are also temporary exhibits.

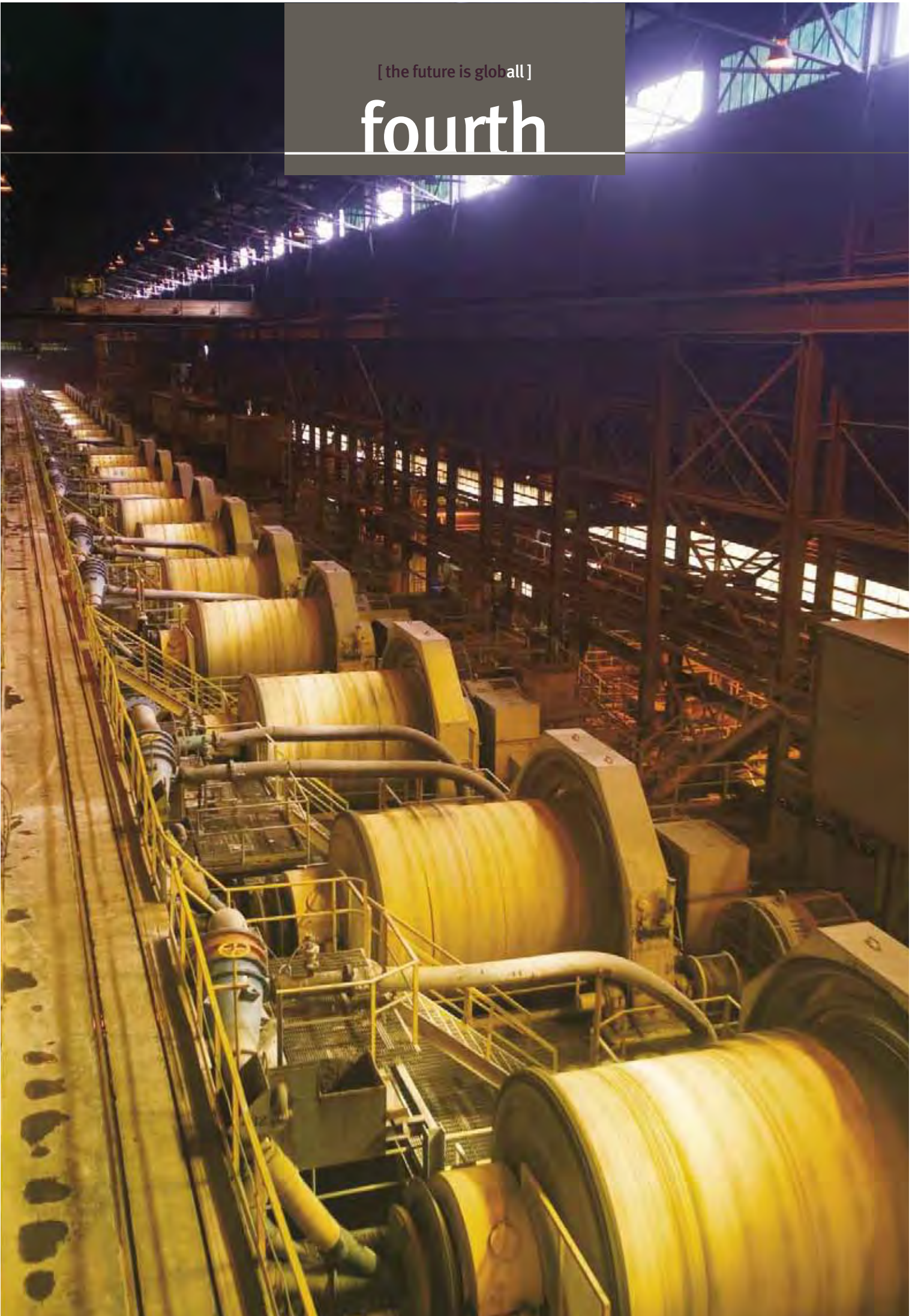
Both Units frequently support different educational and social institutions of their community, facilitating transport for students and senior citizens to special events and activities. In 2005, the Company contributed with a donation to the Rancho Feliz Institution, which supports different assistance homes for orphan children and asylums for elderly people in the Nacozeri and Cananea communities.

These Units develop sport programs for their workers where the community at large can also participate.

The La Caridad Unit supports water supply organizations, providing tankers for distribution to the community during draught times, when there are problems for the regular supply of this service. Similarly, when there are water supply problems, the Cananea Unit supports the community with potable water pumping to the city's supply system.

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Results of operations for the years ended December 31, 2005, 2004 and 2003.

SCC reported 2005 net earnings of \$1,400.1 million or diluted earnings of \$9.51 per share, compared with net earnings of \$982.4 million or diluted earnings of \$6.67 per share in 2004 and \$83.5 million or diluted earnings of \$0.57 per share in 2003.

The increase in the Company's results for 2005 is due mainly to an increase in metal prices of our products, which was partially compensated with a reduction in the copper sales and silver.

Price of copper during 2005 in the London Metal Exchange (LME) and the New York Commodity Exchange (COMEX) was of \$1.67 and \$1.68 per pound of copper respectively, compared to \$1.30 and \$1.29 in 2004.

The recent surge in price of molybdenum, principal by-product of SCC, has had a significant effect on the Company's traditional calculation of cash cost and its comparability with prior periods. Accordingly, the Company is presenting cash costs with and without the inclusion of all by-products revenues. SCC excludes from its calculation of operating cash cost, depreciation, amortization and depletion, exploration, workers' participation provisions and items of a non-recurring nature.

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

	2005	2004	2003
	(in cents per pound)		
Cash cost per pound of copper produced	0.026	0.182	0.435
Cash cost per pound of copper produced (without by-products revenue)	1.005	0.852	0.743

Net Sales: Net sales in 2005 were \$4,112.6 million, compared with \$3,096.7 million in 2004 and \$1,576.6 million in 2003. Sales increased in 2005 by \$1,015.9 million, a 32.8% increase over the previous year, mainly due to higher copper, molybdenum, silver and zinc and higher sales of molybdenum and zinc.

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 mean prices for molybdenum.

NET SALES IN 2005 WERE \$4,112.6 MILLION, COMPARED WITH \$3,096.7 MILLION IN 2004 AND \$1,576.6 MILLION IN 2003. SALES INCREASED IN 2004 BY \$1,015.9 MILLION, A 32.8% INCREASE OVER THE PREVIOUS YEAR

Price/Volume data	2005	2004	2003
Average Metal Prices			
Copper (per pound – LME)	\$ 1.67	\$ 1.30	\$ 0.81
Copper (per pound – COMEX)	\$ 1.68	\$ 1.29	\$ 0.81
Molybdenum (per pound)	\$ 31.05	\$ 15.95	\$ 5.21
Zinc (per pound – COMEX)	\$ 0.63	\$ 0.48	\$ 0.38
Silver (per ounce – COMEX)	\$ 7.32	\$ 6.68	\$ 4.89

Sales volume (in thousands)	2005	2004	2003
Copper (pounds)	1,540,100	1,564,548	1,456,118
Molybdenum (pounds) (1)	32,154	31,636	27,553
Zinc (pounds)	294,141	266,587	269,442
Silver (ounces)	19,756	20,212	19,498

Leaching, Solvent, Extraction & Electrowinning plant (SX/EW) in Toquepala Unit, Peru

(1) The Company's molybdenum production is sold in the form of concentrates. Volume represents pounds of molybdenum contained in concentrates.



Dividends and Capital Stock



Night view, Cujajone concentrator, Peru

The Company paid dividends to stockholders of \$853.9 million or \$5.80 per share in 2005, compared to \$191.4 million or \$1.30 per share in 2004 and \$45.4 million or \$0.31 per share in 2003.

Distributions to the investment shares minority interest were \$5.3 million, \$1.5 million and \$0.4 million in 2005, 2004 and 2003, respectively.

On January 27, 2006, a transaction dividend of \$2.75 per common share was declared and was paid on March 3, 2006, to shareholders of record at the close of business on February 15, 2006. The Company's dividend policy continues to be reviewed at each Board of Directors' meeting, taking into consideration the current intensive capital investment program, and cash flow generated from operations.

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Environmental Affairs

PERUVIAN OPERATIONS

Some of the Company's operations are subject to applicable Peruvian environmental laws and regulations. The Peruvian government, through its Ministerio de Energia y Minas (the Ministry of Energy and Mines, or MEM) conducts certain annual audits of the Company's Peruvian mining and metallurgical operations. Through these environmental audits, matters related to environmental commitments, compliance with legal requirements, atmospheric emissions and effluent monitoring are reviewed. The Company believes that it is in material compliance with applicable Peruvian environmental laws and regulations.

In accordance with Peruvian regulations, in 1996 the Company submitted its Programa de Adecuacion y Manejo Ambiental (the Environmental Compliance and Management Program, known by its Spanish acronym, PAMA) to the MEM. A third-party environmental audit was conducted in order to elaborate the PAMA. The PAMA applied to all current operations that did not have an approved environmental impact study at the time. SCC's PAMA was approved in January 1997 and contains 34 mitigation measures and projects necessary to (1) bring the existing operations into compliance with the environmental standards established by the MEM and (2) identify areas impacted by operations that are no longer active and need to be reclaimed or remediated.

By the end of 2004, 31 of these projects were completed, including all PAMA commitments related to the Company's operations in Cuajone and Toquepala. The three pending PAMA projects all relate to the Ilo smelter operations. The primary areas of environmental concern are the smelter reverberatory slag eroded from slag deposits up until 1994, and atmospheric emissions from the Ilo smelter.

The slag remediation program is progressing as scheduled and is expected to be completed by 2007. With respect to the smelter emissions, the third phase of the Ilo smelter modernization has started and is scheduled to be completed by 2007. In July 2003, the Company awarded the contract to provide the technology and basic engineering for the modernization of the Ilo smelter to Fluor Chile S.A. and Xstrata Plc (formerly M.I.M. Holdings Limited). The Company believes that the selected technology complies with the current environmental regulations. This project is the Company's largest and most important short-term capital investment project and is estimated at \$500 million, including \$389 million expended through December 31st, 2005. Beginning in 1995 and continuing while this project is under construction, the Company has established an emissions curtailment program that has allowed the Company to comply with the annual sulfur dioxide air quality standard (established by the MEM in 1996) in the city of Ilo.

THE COMPANY'S OPERATIONS, CLOSE TO THE MEXICAN-AMERICAN BORDER, ARE ALSO SUBJECTED TO THE COOPERATION AGREEMENT FOR THE PROTECTION AND IMPROVEMENT OF THE ENVIRONMENT IN THE BORDER ZONE

On October 14, 2003, the Peruvian Congress published a new law announcing future closure and remediation obligations for the mining industry. The law was amended on May 28, 2004 and again on May 8, 2005. The current modification establishes that mining companies must submit their mine closure plans within one year of publication of final regulations. On August 16, 2005 final regulations were published and the Company has initiated the preparation of the required mine closure plan. As part of the law and the qualifying regulations the Company is also required to engage an independent consulting entity to prepare the mine closure plan. The final plan, which is required by August 2006, is subject to approval by MEM and open to public discussion and comment in the area of Company operations. Additionally, the law requires companies to provide financial guarantees to insure that remediation programs are completed. The Company anticipates that this law will increase its asset retirement obligations and require future expenditures and amortizations over the life of the mine to satisfy requirements. The

Company believes the liability for these asset retirement obligations cannot currently be measured, or reasonably estimated, until the Company has substantially completed its mine closure plan and is reasonably confident that it will be approved by MEM in its most material respects. However, the Company has made a preliminary estimate of this liability and has recorded such amount in its 2005 financial results. The Company foresees significant environmental capital expenditures in 2006 and continuing into 2007. During 2005, \$234.6 million of environmental capital expenditures were made on the smelter project.

OPERATIONS IN MEXICO

Some Company's operation activities are subject to federal, state and municipal environmental laws, official Mexican standards and regulations for protecting the environment, including regulations concerning water supply, water pollution, sound pollution, and solid waste and hazardous waste disposal. Some of these laws and regulations are relevant on matters related to Company's facilities in San Luis Potosi.

The main legislation applicable to the Company's Mexican operations is the General Law for Ecologic Balance and Environmental Protection. This is a federal law and is controlled by the Federal Environmental Protection Attorney's Office (PROFEPA). PROFEPA monitors compliance with environmental legislation and enforces Mexican environmental laws, regulations and official standards. If necessary, PROFEPA can file administrative procedures against companies that violate environmental legislation, which in extreme cases can result in temporary or permanent close of facilities that do not comply with provisions, revocation of operation licenses and/or other sanctions and fines. According to the Federal Criminal Code, PROFEPA must also inform the corresponding authorities about environmental crimes.

The Company's operations, close to the Mexican-American border, are also subject to the Cooperation Agreement for the Protection and Improvement of the Environment in the Border Zone, or La Paz Agreement, signed in 1983 by the United States and Mexico, aiming at improving air quality along the border. The La Paz Agreement establishes standards for sulfur dioxide emissions and requires installing and maintaining emissions monitoring systems and information recording in our smelters in the northwest of Mexico. To comply with sulfur dioxide emission standards, enacted by the Environment Law and the La Paz Agreement, Minera Mexico closed in December 1999 the Cananea smelter and the Monterrey operations. The Mexican environmental regulations has become more strict in the last de-

cade and we expect this trend to go on and to be influenced by the environmental agreement signed by Mexico, the United States and Canada related to the NAFTA, in February 1999. However, the Company's management does not consider that continuing compliance with the Mexican Federal or State Environmental Laws will have a material adverse effect on the Company's business, facilities, operation results, financial situation or that it would result in material capital expenses. Even though the Company considers that all its facilities comply with environmental, mining and other laws and regulations, the Company cannot ensure that stricter provisions or that the current laws and regulations or adoption of new laws and regulations will not have a material adverse effect on the businesses, properties, operation results, financial condition or prospects of the Company.

Due to the proximity of some of the facilities of our Mexican operations subsidiaries to urban areas, the authorities may implement some measures that could impact or restrict the operation of said facilities. Any use of force to close any facility may have an adverse effect in the relevant subsidiary's operational results.

The Company has established broad environmental conservation programs at its mining facilities of Peru and Mexico. The Company's environmental programs include water recovery systems to preserve the resource and minimize pollution of nearby water sources, reforestation programs to stabilize surfaces of tailings dams and implementing clean technology at the mines to reduce dust emissions.

IMMSA DIVISION

- At the Zinc Refinery located in the San Luis Potosi state, we requested the Environmental and Natural Resources Secretariat (SEMARNAT), to start a procedure to declare the areas around the refinery as Safeguard Intermediate Zone (ZIS). The ZIS is defined as a safety area located within a land stretch that is a buffer between some establishments and nearby population centers.
- As for the Angangeo Project, the Environmental Natural Resources Secretariat granted the Environmental Impact Authorization.
- The Santa Barbara Unit, located in the state of Chihuahua, is in the process of obtaining the Clean Industry certificate under the Federal Environment Protection Attorney's Office (PROFEPA).

- The San Martin Unit, located in the state of Zacatecas, started the certification process as a Clean Industry.
- In the Copper Plant located in the state of San Luis Potosi, as follow-up to a volunteer proposal of improving the environment, the Environmental and Natural Resources Secretariat authorized the activities to remediate soils and improve the control of emissions submitted by the Company. The Company has uninterruptedly worked to follow up the Actions Detailed Plan derived from said authorization.
- In the state of San Luis Potosi, there is a tree nursery, thanks to which 41,371 trees were distributed as follows: 6,680 for IMMSA division's properties; 2,009 for the division employees and laborers; 11,210 for community support; 7,149 to support schools; 4,696 for the San Luis Potosi Municipality and 2,276 for supporting the Environmental and Natural Resources Secretariat and other governmental agencies. At the end of 2005, the nursery had 50,820 developing trees.

- Aiming at preserving fauna that, eventually, approaches our facilities, the Zinc Plant in San Luis Potosi installed a new and modern system called Fire Fly, which, through its high technology, helps to prevent migrating birds to approach final waste disposal sites.

CANANEA AND LA CARIDAD

- In 2005, we started the Clean Industry certification process for the Cananea mine and La Caridad mine Concentrator Plants, as well as for the molybdenum plant in La Caridad. We also registered the Action Plan before the Federal Environmental Protection Attorney's Office after having performed the corresponding environmental audits. Additionally, we started a Voluntary Environmental Audit process at the Cananea Concentration Plant.

- We concluded Cananea's unit internal reforestation by planting 2,500 trees. This is the company that contributes more trees in the country to the program that the National Forestry Commission (CONAFOR) currently promotes.
- As for reforestation, we continued with the activity of linking every municipality within the mining units' and plants' area of influence. During 2005, 13 municipalities of Sierra de Sonora were reforested with a total of 1,410,000 produced and planted trees. To achieve this, we were aided by the National Defense Secretariat and the National Forestry Commission. Currently, 1,100,000 trees are developing in the nursery and we have scheduled to increase production to 1,550,000 trees for year 2006.
- We got the Clean Industry certification from the Natural Gas Transportation System (Gasoducto Douglas – Nacozari) facilities, within the Environmental Audit Program of the Federal Environmental Protection Attorney's Office. Likewise, audits are being carried out at our facilities at La Caridad (Hydrometallurgy Plant, Wire Rod Plant, Precious Metals Plant, Concentrator Plant, Molybdenum Plant and Lime Plant) all of these in the state of Sonora.
- We coordinated the Clean Community program by participating in talks given at elementary and secondary schools and by handing out garbage collecting containers. These activities took place in 6 cities of the state of Sonora.
- Currently, we actively participate in the Technical Advisor Council and the Task Force for protecting and preserving the Valle de los Cirios flora and

Flotation cells in concentrator, La Caridad Unit, Mexico



IN 2005, WE STARTED THE CLEAN INDUSTRY CERTIFICATION PROCESS FOR THE CANANEA MINE AND LA CARIDAD MINE CONCENTRATOR PLANTS, AS WELL AS FOR THE MOLYBDENUM PLANT AT LA CARIDAD



fauna in Baja California. We have recently worked on the Reserve Management Plan and we have been able to get the El Arco project area and concession areas to be rated as special utilization zones, thus permitting mining activities.

Water recovered from the tailings dam, La Caridad Unit, Mexico

GENERAL MEXICAN DIVISION ENVIRONMENTAL ISSUES

- The Mexican division has a Qualifications System aimed at improving our human resources performance. In 2005, we supported the Human Resources Directorate by giving the Qualification Systems courses to all the personnel of the Mexican offices, at IMMSA division managerial level employees and to employees of the Cananea and La Caridad units. Courses which dealt with Ecologic Awareness.
- Taking into account the importance of developing an environmental culture, together with the Information Technology Directorate, we reproduced the intranet page capture and design protocol on Environmental Affairs for the Mexican SCC division.

[the future is global]

sixth



General Information, Description of Operations and Development

INFORMATION RELATED TO ITS CONSTITUTION AND ITS REGISTRATION IN THE PUBLIC REGISTRY:

See: Brief historical review from the constitution of the Company on page 37.

Brief Description: Southern Copper Corporation (SCC) is a copper, molybdenum, zinc and silver integrated producer. All our mining, smelting and refining facilities are located in Peru and Mexico, and we carry out exploration in said countries and in Chile. Our activities make us the largest mining company in Peru and Mexico. We are the largest publicly traded copper mining company in the world based on reserves and the fifth largest copper mining company in the world based on 2004 sales. Our operations in Peru comprise mining, milling and flotation of minerals to produce copper and molybdenum concentrates. The smelting of copper concentrates produces blister copper and blister raffinate for producing cathodes. We also produce copper cathodes by using the SX/EW technology. We operate the Cuajone and Toquepala mines in the heights of the Andes, approximately 984 kilometers southeast of the city of Lima, Peru. We also operate a smelter and refinery west of the mines in Toquepala and Cuajone, in the city of Ilo, Peru.

Our operations in Mexico are carried out by Minera Mexico S.A. de C.V., a subsidiary we bought on April 1, 2005. Minera Mexico mainly develops activities of mining and processing of copper, zinc, silver, gold, lead and molybdenum. Minera Mexico operates through subsidiaries that are grouped in three separate units. Mexicana de Cobre S.A. de C.V. (together with its subsidiaries, Mexcobre Unit), it operates an open pit mine, a copper concentrator, a SX/EW plant, a smelter, two refineries and a wire rod plant. Mexicana de Cananea S.A. de C.V. (together with its subsidiaries, Cananea Unit) operates an open pit mine located in one of the areas with more copper reserves in the world, a copper concentrator and two SX/EW plants. Industrial Minera Mexico S.A. de C.V. (Immsa) and Minerales Metalicos del Norte S.A. (together with Immsa and its subsidiaries, Immsa Unit) operate five underground mines producing zinc, lead, copper, silver and gold, and a coal and coke mine and several industrial processing facilities for zinc and copper.

We use advanced mining and processing methods, including global positioning systems (GPS). Our operations are highly integrated vertically, which permits us to manage the whole production process, from mining to refined copper and other products, as well as transportation and logistics, by using our own facilities, employees and equipment.

Group

SCC, indirectly, makes part of Grupo Mexico S.A. de C.V. who owns 100% of Americas Mining Corporation (AMC) shareholding.

	Name of the company	Location	Inscription in the RPMV	%
SEVERAL ACTIVITIES				
1)	Grupo Mexico, S.A. de C. V.	Mexico		
2)	Grupo Mexico Servicios, S.A. de C.V.	Mexico		100.0
3)	Mexico Proyectos y Desarrollo, S.A. de C.V.	Mexico		99.9
RAILROAD ACTIVITIES				
4)	Infraestructura y Transportes Mexico, S.A. de C. V.	Mexico		100.0
5)	Grupo Ferroviario Mexicano, S.A. de C.V.	Mexico		74.0
6)	Intermodal Mexico, S.A. de C.V.	Mexico		100.0
MINING ACTIVITIES				
7)	Grupo Minero Mexico Internacional, S.A. de C.V.	Mexico		99.8
8)	Americas Mining Corporation (AMC)	USA		99.99
9)	ASARCO LLC	USA		100.0
10)	Southern Copper Corporation (SCC)	USA		75.1
11)	Americas Sales Company, Inc.	USA		100.0
12)	Minera Mexico, S. A. de C. V.	Mexico		99.95
13)	SDG Mexico Apoyo Administrativo, S.A. de C.V.	Mexico		100.0
14)	Industrial Minera Mexico, S.A. de C. V.	Mexico		99.99
15)	Mexicana de Cananea, S.A. de C. V.	Mexico		99.99
16)	Mexicana de Cobre, S.A. de C. V.	Mexico		99.97
17)	Mexicana del Arco, S.A. de C.V.	Mexico		100.0
18)	Mexico Compañía Inmobiliaria, S.A.	Mexico		100.0
19)	Minerales Metalicos del Norte, S.A.	Mexico		100.0
20)	Minera Mexico Internacional, Incorporated	USA		100.0
21)	Servicios de Apoyo Administrativo, S.A. de C.V.	Mexico		100.0
22)	Western Copper Supplies	USA		100.0
23)	Global Natural Resources, Inc.	USA		100.0
24)	Logistics Services Incorporated (LSI)	USA		100.0
25)	Multimines Corporation	USA		100.0
26)	Multimines Insurance Company, Ltd.	Bermudas		100.0
27)	Southern Peru Limited	USA		100.0
28)	Southern Peru Copper Corporation, Agencia en Chile	Chile		100.0
29)	Southern Peru Copper Corporation, Sucursal del Peru	Peru		99.29¹
30)	Compañía Minera Los Tolmos, S.A.	Peru		97.31

NOTE:

1.- Includes 82.69% of patrimony and 16.60% of common Investment Shares.



Harvest of cathodes at the Ilo refinery, Peru

Corporate Capital and Common Stock

	shares
The authorized number of shares is	167,207,640
Issued and Paid-In Capital: Common Shares	147,228,025
Nominal Value of Common Shares	\$ 0.01

Total number and percent of shares	Shares	Interest
Americas Mining Corporation		75.1%
Common Shares		24.9%
Total		100.0%

AUTHORIZATIONS OBTAINED FOR THE DEVELOPMENT OF THE BUSINESS

Operations in Peru

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 hectares 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 of Mining authorized the expansion of the Toquepala Concentrator to a 43,000 Metric Tons/Day throughput.

Based on Report N° 547-2002-EM/DGM/DPDM, dated November 6, 2002, the Director General of Mining authorized the expansion of the Toquepala Concentrator to a capacity of 60,000 metric tons/day.

2. Botiflaca Concentrator at 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 of Mining authorized the expansion of the Cuajone Concentrator to a 87,000 metric tons/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 metric tons/day.

Based on Report No. 663-98-EM/DGM/DPDM dated November 10, 1998 the Director General of Mining authorized the expansion of the Toquepala SX/EW Plant to a 18,737 metric tons/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 metric tons/day.
5. Ilo Smelter: Authorized 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 of Mining authorized the expansion of the Ilo Smelter to a 3,100 metric tons/day throughput of copper concentrates.

6. Ilo Refinery: Authorized by Report No. 056-94-EM/DGM/DRDM dated

May 27, 1994 the Director General of Mining authorized the operation of the Ilo Copper Refinery at 190,000 metric tons/year throughput of blister copper.

Based on Report No. 506-98-EM/DGM/DPDM dated September 2, 1998 the Director General of Mining 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 13, 2002, the Director General of Mining authorized the expansion of the Ilo Copper Refinery to a capacity of 800 metric tons/day.

7. Sulfuric Acid Plant: Authorized by Directorial Resolution No. 024-96-EM/DGM dated January 19, 1996 the Director General of Mining 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 of Mining 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 Concentrator authorized to operate by Directorial Resolution N° 110-93-EM/DGM of August 3, 1993. The plant processes 2068 metric tons/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.

OPERATIONS IN MEXICO

La Caridad Mine

La Caridad Concentrator started operating in June 1979, with a milling capacity of 72,000 metric tons per day.

La Caridad Concentrator expanded its capacity in 1986, to 90,000 metric tons per day.

The Molybdenum Plant started operating in June 1982, with a capacity to produce 2000 metric tons of Copper-Molybdenum Concentrate per day.

The La Caridad SX/EW Plant started operating in May 1995, with a capacity of 60 metric tons per day.

The La Caridad Metallurgic Complex

The La Caridad Smelter started operating in July 1986, with a production capacity of 493 metric tons of anode per day.

The La Caridad Smelter expanded its capacity in March 1997, to 932 metric tons of anodes per day.

The La Caridad Refinery started operating in July 1997, with a production capacity of 493 metric tons of cathodic copper per day.

The La Caridad Refinery expanded its capacity in January 1998, to 822 metric tons of cathodic copper per day.

The La Caridad Precious Metals Plant started operating in May 1999, with a production capacity of 43,836 silver ounces per day, 247 gold ounces per day, and 342 selenium kg per day.

The La Caridad Wire Rod Plant started operating in April 1998, with a production capacity of 300 metric tons of wire rod per day.

The La Caridad Wire Rod Plant expanded its capacity in March 2000 to 411 metric tons of wire rod per day.

Cananea Mine

The Cananea Concentrator started operating in September 1986, with a capacity of 62,500 metric tons per day.

The Cananea Concentrator expanded its capacity in 1988, to 70,000 metric tons per day.

The Cananea Concentrator expanded its capacity in 1998, to 76,700 metric tons per day.

The Cananea SX/EW I Plant started operating in 1980, with a capacity of 30 metric tons per day.

The Cananea SX/EW II Plant started operating in 1989, with a capacity of 60 metric tons per day.

The Cananea SX/EW II Plant expanded its capacity in 2001, to 120 metric tons per day.

Underground Mines

- 1.- The Santa Barbara Unit has a milling capacity of 6,000 metric tons of ore per day.
- 2.- The Santa Eulalia Unit has a milling capacity of 1,450 metric tons of ore per day.
3. The San Martin Unit has a milling capacity of 4,400 metric tons of ore per day.
- 4.- The Charcas Unit has a milling capacity of 4,000 metric tons of ore per day.
- 5.- The Taxco Unit has a milling capacity of 2,000 metric tons per day.
- 6.- The Pasta de Conchos Unit has a washing capacity of 3,600 metric tons per day.
- 7.- The Zinc Refinery has capacity to produce 285 refined zinc metric tons per day.
- 8.- The San Luis Potosi Copper Smelter has production capacity of 66 blister copper metric tons per day.

Description of Operations and Development Regarding the Issuing Entity

Purpose

The purpose of Southern Copper Corporation (SCC) 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 for sales 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. SCC belongs to the CIUU 1320 group.

The term of duration of the Company is indefinite.

Brief historical review from the constitution of the Company

The Company was organized on December 12, 1952, according to the Laws of the State of Delaware of the United States of America, under the original denomination of Southern Peru Copper Corporation, which was renamed on October 11, 2005, to Southern Copper Corporation (SCC).

In 1954, SCC established a Branch in Peru to carry out mining activities in this country. The Branch was established under public instrument certified by Public Notary from Lima, Dr. Ricardo Fernandini Arana, on November 6, 1954.

The Branch is registered in the Electronic Record No. 3025091 of the Juridical Entities Registry Office of Lima and Callao (before: Entry N° 384 of the Record N° 2447 of the Mining Registry of Natural and Juridical Entities of the Public Mining Registry).

Actions following company incorporation:

Capital increase:

By Public Deed dated May 31, 1995, signed before the notary public of Lima, Dr. Carlos A. Sotomayor Bernos, registered in Card 2447 of the Public Mining Registry, the Branch capital increase was formalized. It was made through money contribution by the Company in favor of its Peru Branch and by the owners of labor shares, pursuant to Legislative Decree No. 677. The capital contribution made by the Company was aimed at increasing the capital allotted to the Branch by the headquarters and

registered in Peru. The capital contribution made by the Labor Shares (today Investment Shares) owners was assigned to the Labor Shares account of the Branch for issuing new Labor Shares.

Part of the money contribution made by the Company in favor of its Branch and by the Labor Shares owners was applied as a capital premium to the Resident account as Additional Capital.

Exchange of Labor Shares for Common Shares:

Dated September 7, 1995, Southern Copper Holding Company was also incorporated pursuant to the Laws of the State of Delaware, for the purpose of acting as a holding company that owner of all Southern Peru Copper Corporation shares, and of performing an exchange of the shares that were then called Labor Shares (today Investment Shares) issued by the branch in Peru, and delivering to the owners of labor shares a certain number of common shares issued by SPCC in the United States. As a consequence of this share exchange, ex-owners of Labor Shares acquired 17.31% of SPCC's Capital, and this company acquired ownership of 80.77% of Labor Shares (today Investment Shares).

On December 31, 1995, Southern Peru Copper Corporation changed its corporate name for Southern Peru Limited, and Southern Copper Holding Company changed its corporate name to Southern Peru Copper Corporation.

As a consequence of this corporate name change, the mining activities of the company in Peru started being performed under the name of Southern Peru Limited, Peru Branch (SPL).

On December 31, 1998, the merger between Southern Peru Copper Corporation and Southern Peru Limited was agreed. The first company absorbed the second one and assumed all its assets and liabilities, including the Branch in Peru. This merger did not imply any change to the share percentage in the corporate capital or in the Patrimonial Participation Account (investment shares), which were kept unchanged.

As a consequence of the merger, the mining activities of the corporation in Peru were again carried out under the name of Southern Peru Copper Corporation, Peru Branch, or the abbreviated name of Southern Peru and or the acronym SPCC.

Change of Economic Group:

In November 1999, Grupo Mexico S. A. de C. V., a company incorporated pursuant to the Laws of the Republic of Mexico, acquired in the United States 100% of ASARCO, Inc. shares, the main shareholder of Southern Peru Copper Corporation at that time. In this way, SPCC became a subsidiary of Grupo Mexico, which keeps its shareholding through American Mining Company (AMC).

Acquisition of Minera Mexico, S.A. de C.V. (MM) and other corporate changes:

SCC shareholders, in a shareholder extraordinary meeting dated March 28, 2005, approved the issuance of Common Shares and required actions related to the acquisition of MM, a company incorporated pursuant to the Laws of the Republic of Mexico. This transaction was approved by more than 90% of the issued shares of the capital of SCC. To acquire MM, SCC issued 67,207,640 shares in exchange for MM shares. Once the shares related to the acquisition were issued, Americas Mining Corporation increased its share in SCC from 54.3% to approximately 75.1%.

Change in the Articles of Incorporation Deed:

On March 28, 2005, following Board of Directors recommendations, SCC shareholders approved in an extraordinary meeting the amendments to the Certificate of Incorporation, changing the composition and obligations of some Board committees.

Special Independent Director:

The changes to the Certificate of Incorporation require the Board to include a certain number of special independent directors. A special independent director is a person who (i) complies with the independence standards of the New York Stock Exchange (or any other stock exchange or association in which Common Shares are listed) and (ii) is appointed by the Special Nomination Committee of the Board. A special independent director may only be removed from the Board upon a justified cause.

The number of special independent directors on the Board at any time shall equal (a) the total number of directors on the Board multiplied by (b) the percentage of Common Shares all the shareholders (that are not Grupo Mexico and its affiliates) have, rounding up to the following whole number. Notwith-

standing the above mentioned, the total number of persons appointed as special independent directors (not belonging to Grupo Mexico) cannot be less than two or more than six.

Special Nominating Committee:

To appoint persons as candidates for the election of special independent directors and cover special independent directors vacancies, the amendment to the Certificate of Incorporation requires the Company to appoint a Special Nominating Committee. The Special Nominating Committee must be made up by three SCC directors, two (2) of which are currently Mr. Luis Miguel Palomino and Mr. Carlos Ruiz Sacristan (each one an Initial Director and, together with their successors, the Special Designees) and any other director, who was initially Mr. Oscar Gonzalez Rocha and is now Mr Armando Ortega Gomez, as appointed by the Board or the Board Designee. The Board Designees will be annually selected by the Board. The Special Designees will be annually selected by the member of the Board who are special independent directors or Initial Directors. Only the special independent directors can cover vacancies in the Special Nominating Committee. Any member of the Special Nominating Committee can be removed at any time by the Board with a justified cause. The unanimous vote of all the members in the Special Committee will be necessary to adopt any agreement or to take any action.

Notwithstanding the above mentioned, the Special Nominating Committee's power to name special independent Directors Designees is subjected to the shareholders' right to appoint directors pursuant to the by-laws.

The amendment provisions referring to the special independent directors may be modified only with the favorable vote of the majority of the Common Shares owners (calculated without applying qualified majority voting right) that are not Grupo Mexico and its affiliates.

Transactions with affiliates:

The amendments to the Certificate also prohibit the Company to undertake important transactions with affiliates, except if the transaction has been reviewed by a committee of at least three Board members, each one of which will comply with the New York Stock Exchange (or any other stock exchange or association on which Common Shares are listed) independence regulations. An important transaction with affiliates is defined as an important transaction, commercial negotiation or financial participation in any transaction, any series of transactions between Grupo Mexico or one of its affiliates (different from the Company or any of the subsidiaries), on

the one hand, and the Company or one of the subsidiaries, on the other hand, comprising a total consideration of more than \$10,000,000.00.

The Company submitted the Amendment of its Certificate of Incorporation to the Secretary of State of the State of Delaware, and it came into effect on March 31, 2005 at 11:59 P.M.

Change of corporate name and other corporate changes:

On September 20, 2005, by written consent instead of an extraordinary shareholder meeting, the majority shareholder approved the corporate name change of Southern Peru Copper Corporation to Southern Copper Corporation or SCC. The change was adopted because the new corporate name reflects more precisely the Company's operations outside the Republic of Peru after its acquisition of Minera Mexico and SCC's presence in the Republic of Chile through the acquisition of some mining exploration concessions.

Additionally, on the same date, the majority shareholder approved an amendment of our Certificate of Incorporation.

poration to remove other provisions in our Certificate related to our Class A Common Shares that were formerly in circulation, which were converted to Common Shares on May 19, 2005, and to change the number of corporate directors from fifteen to a number that will be regularly established following agreement of the majority Board members, provided that the number of directors will not be less than six or more than fifteen.

The Certificate amendment was submitted to the Secretary of State of the State of Delaware, and came into effect on October 11, 2005.

Peru Branch Name:

Generally, the change of corporate name of the parent should comprise the corresponding change of name of the ancillary organizations linked to it, as is the case of the Peru Branch through which the Corporation develops its mining activities in Peru.

After consulting with Peruvian lawyers, the Board of Directors, taking into consideration the net worth and assets importance of the Branch, the need to

continue acknowledging the position of the Peruvian Branch with its local and international copper clients, the need to preserve its prestige and its position and good name in the copper market, and the need to prevent any possible client loss, as well as to guarantee the revenue flow from sales, its financial and economic revenues and its solvency, the Board of Directors agreed to maintain the original corporate name of the Peru Branch, that is, Southern Peru Copper Corporation, Peru Branch, or the abbreviated name Southern Peru and/or the acronym SPCC.

Changes in the Certificate of Articles of Incorporation and By-laws:

Dated January 26, 2006, the Board approved amendment to Southern Copper Corporation's by-laws aiming at removing the provisions related to Class A Common Shares, among other changes. These changes will be submitted to approval by the shareholders at the annual shareholder meeting to take place in April 2006.

SCC is, indirectly, part of Grupo Mexico S.A. de C.V. who owns 100% of Americas Mining Corporation (AMC) shareholding, owner of 75.1% of SCC shares.

Information about plans and investment policies

See Expansion and Modernization Program on page 9.

Relationship between the Issuer and the Government

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

SCC obtains revenues for tax credits in Peru for the general sales tax (IGV) paid in connection with the acquisition of capital goods and other goods and services used in its operations, counting these credits as a paid expense in advance. By virtue of this refund, SCC is entitled to credit the amount of the IGV against its Peruvian tax obligations or to receive a refund.

MINING SAFETY:

Peruvian Operations

In 2005, the open pit operations at the mines of Toquepala and Cuajone, as well as operations performed at the Ilo metallurgical complex which includes our Smelter and refinery, were awarded a prize by the Mining Safety Institute - Instituto de Seguridad Minera (ISEM), in recognition for our excellent statistical results in obtaining a reduction of personal accidents and consequently in the Indexes of Frequency Safety, Severity and Accidents.

Mexican Operations

The Mexican Mining Chamber (CAMIMEX), which recognizes those enterprises with a low accident level, in 2005, granted our metallurgical complex of La Caridad the highest award for safety in the mining industry, which is the Silver Helmet. Likewise, as during the past three years, the concentrator mine of La Caridad obtained the Silver Helmet, this prize was awarded in definitive manner. The mining units Santa Eulalia and Cananea were awarded a diploma for safety for reducing accidents to at least 25%.

GENERIC DESCRIPTION OF MAIN ASSETS

Operations in Peru

TOQUEPALA

1. The Toquepala Production Unit comprises three Economic Administrative Units: TOQUEPALA 1 comprising 30 mining claims over a 6,698 hectare surface. SIMARRONA including 12 mining claims over 5,800 hectares, and TOTORAL with 18 mining claims distributed over 5,620 hectares. In addition, the Toquepala Production Unit owns 33 mining claims over 22,699 hectares outside the above Economic Administrative Units.

Overall the Toquepala Production Unit holds 93 mining claims over 40,817 hectares.

2. Toquepala Concentrator Beneficiation Plant, with Milling capacity of 60,000 tons per day, consists of 1 Primary Crusher, 3 Secondary Crushers, 6 Tertiary Crushers, 8 Bar Mills, 24 Ball Mills, 8 Ball Mills for Re-crushing, 1 Ball Mill 9500 HP, 1 distribute control system (DCS), 1

Optimizing Control System (OCS), as well as, 6 WEMCO-130 Flotation Cells, 4 OK-100 Flotation Cells, 3 OK-50 Flotation Cells, 5 WEMCO-60 Flotation Cells, 15 Column Cells and 24 WEMCO 42.5m³ Flotation Cells, 72 Agitair 1.13 m³ Cells, 2 Larox Filter Presses (PF60 & PF96), 5 Middling Thickeners, 2 Tailings Thickeners, 3 High-Rate Tailings, 1 Tripper Car, 1 Track tractor CAT D10-R and a recycled water pipe line.

3. 8 trucks Komatsu 930E, each one with a capacity of 290 tm, 5 trucks CAT 793C each one with a capacity of 231 tm, 18 trucks Komatsu 830E each one with a capacity of 218 tm, 9 trucks Titan 2200 each one with a capacity of 181 tm, 1 truck Dresser 445E with a capacity of 109 tm.
4. 3 P&H 4100A shovels with a capacity of 73 tm (43 m³), 3 P&H 2100BL shovels with a capacity of 23 tons (11.4 m³), 1 Bucyrus 495BI shovel with a capacity of 73 tons (43 m³), 1 P&H 120A electric drill, 2 P&H 100XP electric drills, 2 Bucyrus 49RIII rotary drill, 1 Le Tourneau 1400 front-end loader of 21.4 m³.

CUAJONE

1. The Cuajone Production Unit comprises two Economic Administrative Units: CUAJONE 1, comprising 23 mining claims over 6,690 hectares; and COCOTEA with 15 mining claims over 7,711 hectares. Additionally the Cuajone Production Unit with 12 mining claims over 8,433 hectares outside the above two Economic Administrative Units.

Overall, the Cuajone Production Unit comprises 50 mining claims over a total 22,234 hectare surface.

2. Cuajone Concentrator Beneficiation Plant with Milling capacity of 87,000 tons per day, consisting of 1 primary crushers, 3 secondary crushers, 7 tertiary crushers, 10 primary ball mills, 4 ball mills for re-crushing, 1 vertical mill, as well as 4 flotation cells OK-160, 30 OK-100 flotation cells, 8 column cells, 28 WEMCO flotation cells, 48 Denver flotation cells, 1 Larox Filter Press PF96, 2 Middling Thickeners, 3 Tailings Thickeners, 1 High-Rate Tailings, 1 truck Volvo FM12, recycled water pipe line.

3. 3 trucks Komatsu 930E each one with a capacity of 290 metric tons, 18 trucks Dresser 830E each one with a capacity of 240 metric tons and 8 trucks CAT 793C trucks each one with a capacity of 218 metric tons 4 Wabco trucks each one with a capacity of 109 metric tons.
4. 2 P&H 4100A Shovels with a capacity of 73 metric tons (43 m³), 1 Bucyrus electric shovel 495BII with a capacity of 73 metric tons (43 m³), 1 P&H 2800XPB shovel with a capacity of 54 metric tons, 1 P&H 2100BL Shovel with a capacity of 23 metric tons (11.4 m³), 1 Le Tourneau 1800 front end loader with a capacity of 42 metric tons, 2 electric drills P&H 120A, 1 P&H 100XP electric drill, 1 Bucyrus 49R electric drill, 4 front end loaders CAT 966 of 3.8 m³ of capacity, 3 front end loaders CAT 950 of 3.1 m³ of capacity, 3 front end loaders CAT 988 of 6.1 m³ of capacity, 1 wheel tractor Komatsu.

OTHERS

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 4,170 metric tons per day, to process Cuajone's oxides. In addition, 1 agglomeration mill, 1 front end loader, 3 trucks each with a capacity of 109 metric tons 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 Plant has 2 spray systems, 1 for the south dump and 1 for the northwest dump, 4 pregnant solution (PLS) 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/hr of pregnant solution an 162 electrowinning cells arranged in two lines, one with 122 cell and the other with 40.

ILO

1. 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 Te-niente Modified Converter and 2 casting wheels.
2. 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 (Cathodes), 926 commercial cells and 52

starting cells. – Precious Metals Plant: with 1 Wenmec Selenium Reactor, 2 copella furnace, 22 silver refining cells and 1 hydrometallurgical system for gold recovery.

3. Sulfuric Acid Plant with production capacity of 300,000 metric tons per year. (Average 1,000 x day).
4. Oxygen Plant with a production capacity of 100,000 metric tons per year (Average 272 x day).
5. Coquina Plant with a production capacity of 200,000 metric tons per year of seashells.
6. Lime Plant with a capacity of 80,000 metric tons per year.

OTHERS

Industrial railroad to haul concentrates and supplies between Toquepala, Cuajone and Ilo with 30 Locomotives, 264 dump cars, 91 flat cars, 254 boxcars, 8 closed boxcars, 11 closed hopper-type cars, 34 open hopper-type cars, 36 various tank wagons, 24 sulfuric acid tanks, 5 patrol cars.

OPERATIONS IN MEXICO

CANANEA

1. The Cananea production unit has 46 mining concession titles with a total area of 13,282 hectares.
2. The Cananea Concentrator Plant, with a milling capacity of 76,700 metric tons per day, consists of 2 Primary Crushers, 4 Secondary Crushers, 10 Tertiary Crushers, 10 Primary Mills, a Distributed Control System, 5 Mills for Re-grinding, 103 Primary Flotation Cells, 10 Column Cells, 70 Exhaustion Flotation Cells, 7 Thickener, and 2 Drum Filters.
3. There are 41 Trucks for ore hauling with individual capacities that go from 240 to 360 metric tons.
4. For ore loading there are 8 Shovels with individual capacities that go

from 39 to 70 metric tons.

5. The mine auxiliary equipment has 9 Drillers, 3 Front Loaders, 5 Motor Graders and 25 Tractors.
6. In the Solvents Extraction and Electrowinning (SX-EW) I and II Plants of Cananea, the crushing system No.1 has a capacity of 10,000 tons per day and an apron feeder, a conveyor belt feeder, a system of 7 conveyor belts and a distributor car. System No.2 has a capacity of 15,000 tons per day and has one crusher, a conveyor belt feeder, system of 3 conveyor belts and distributing car. There are 4 irrigation systems for the dumps, and 6 dams for Pregnant Leach Solution (PLS). Plant I has 3 solvent extraction tanks with a nominal capacity of 960 m³/hr of PLS, and 46 electrowinning cells. Plant I has a daily production capacity of 30 tons of copper cathodes with 99.999% purity. Plant II has 5 trains of solvent extraction with a nominal capacity of 3,300 m³/hr of PLS and 176 cells distributed in two bays. Plant II has a daily production capacity of 120 tons of copper cathodes with 99.999% purity.

La Caridad

1. La Caridad Production Unit has 244 mining concession titles with a total area of 55,085 hectares.
2. La Caridad Concentrator Plant with a milling capacity of 90,000 metric tons per day consists of 2 Primary Crushers, 6 Secondary Crushers, 12 Tertiary Crushers, 12 Ball Mills, a Master Milling Control System, 168 Primary Flotation Cells, 4 Re-grinding Mills, 60 Cleaning Flotation Cells, 6 Thickener and 6 Drum Filters.
3. There are 33 trucks for ore hauling with individual capacity that go from 170 to 240 metric tons.
4. For ore loading there are 8 Shovels with individual capacities that go from 22 to 52 metric tons.
5. As for mine auxiliary equipment there are 6 Drillers, 3 Front Loaders, 4 Motor Grader and 21 Tractors.
6. La Caridad Solvent Extraction and Electrowinning (SX-EW) Plant has 9 irrigation systems for the dumps and 2 dams of rich copper solution (PLS), a container of heads that permits to

combine the solutions of both dams and feed the Solvent Extraction plant with a more homogenous concentration. The plant has 3 trains of solvent extraction with a nominal capacity of 2,070 m³/hr, and 94 electrowinning cells distributed in one single electrolytic bay. The plant has a daily production capacity of 62 copper cathodes metric tons with 99.999% purity.

7. Lime Plant, located near the Aguaprieta city in the State of Sonora, with a production capacity of 132,000 metric tons per year.

La Caridad Metallurgic Complex

1. La Caridad Copper Smelter Beneficiation Plant, with a fusion capacity of 1,000,000 tons of concentrate per year. It has a flash type Concentrates Drier, a Steam Drier, an Outokumpu Flash Furnace, and El Teniente Modified Converted Furnace, 2 Electric Furnaces for the cleaning of slag, 3 Peirce Smith type Converters, 3 raffinate Furnaces and 2 Casting Wheels.
2. La Caridad Copper Refinery Beneficiation Plant, is an electrolytic plant with a production capacity of 300,000 annual tons of copper cathodes with 99.999% percent of purity. It has an Anode Preparation Machine, an Electrolytic Cell House with 1,115 Cells and 32 Releaser Cells, 2 Cathode Stripping Machines, and a Worn Anode Washing Machine.
3. La Caridad Precious Metal Refinery Beneficiation Plant has a Hydrometallurgic Stage and a Pyrometallurgic Stage, besides a Steam Drier, Dore Molding System Kaldo Furnace, 20 Electrolytic Cells in the silver refinery, 1 Induction Furnace for Silver, 1 Silver Ingot Molding System, 2 Reactors for obtaining fine Gold.
4. La Caridad Wire Rod Transformation Plant has a production capacity of 150,000 annual metric tons of copper wire rod. It consists of an ASARCO Vertical Furnace, 1 Retention Furnace, 1 Molding Machine, 1 Laminating Machine, 1 Coiling Machine and 1 Coil Compacter.
5. Two Sulfuric Acid Plants, the first with an annual capacity of 2,625 metric tons sulfuric acid production at 100%, and the second one with a 2,135 metric tons sulfuric acid production capacity at 100%.
6. Three Oxygen plants, two with a production capacity of 200,000 metric tons per year and the third one with a capacity of 100,000 metric tons per year.

7. Two power Turbogenerators that use the kiln residual heat from the furnace, the first with a 11.5 Mw capacity and the second with a 25 Mw capacity.

Underground Mines (IMMSA)

1. The Underground Mines (IMMSA) Production Unit consists of 6 mining economic units: Santa Barbara, Santa Eulalia, San Martin, Charcas, Taxco and Pasta de Conchos. In total, the Underground Mines (IMMSA) Production Unit has 244 mining concession titles with a total area of 35,194 hectares.
2. The Santa Barbara Mining Unit has 12 Jumbo drilling equipments, and 2 Simba drilling equipments, 33 Scoop Tram types equipment for mucking and loading, 9 Trucks and 6 Locomotives for internal ore haulage, 5 Trucks for external haulage and 6 hoists. For treating the ore, there are 4 Primary jaw crushers, one Secondary and 2 Tertiary, 3 Mills and 3 Flotation Circuits. The unit's concentrator plant has a milling capacity of 6,000 tons of ore per day.
3. The Charcas Unit works with 9 Jumbo type drilling equipments, 16 Scoop Tram type equipments for mucking and loading, 5 Trucks and 4 Locomotive for internal ore haulage and 3 hoists. For treating the ore, there are 2 Primary Crushers, one Secondary, one Tertiary, 4 Mills and 3 Flotation Circuits. The Unit's concentrator plant has a milling capacity of 4000 ore metric tons daily.
4. In the San Martin Mining Unit, there are 11 Jumbo type drilling equipments, and one Simba type drilling equipment, 14 Scoop Tram type equipments for mucking and loading, 13 Trucks for internal ore Haulage and 3 Malacates. For treating the ore, there are 3 Primary jaw crushers, 1 Secondary and 2 Tertiary, 2 Mills and 3 Flotation Circuits. The unit's concentrator plant has a milling capacity of 4,400 tons of ore per day.
5. The Taxco Unit has 5 Jumbo type drilling equipments, 12 Scoop Tram type equipment for mucking and loading, 6 Trucks and 4 Locomotives for internal ore haulage and 3 hoists. For treating the ore, there are 2 Primary Crushers, 3 Secondary, 3 Mills and 2 Flotation Circuits. The unit's concentrator plant has a milling capacity of 2,000 metric tons of ore per day.
6. In the Santa Eulalia Unit, there are 3 Jumbo type drilling equipment, 9 Scoop Tram type equipment for mucking and loading, 3 Trucks and, 4 hoists, 2 Primary Crushers, 2 mill Crushers, 1 Mill and 2 Flotation Circuits. The unit's concentrator plant has a milling capacity of 1,450 tons of ore per day.
7. In the Pasta de Conchos Mining Unit within the mine there are 5 continuous mining equipment, 6 Transporting Cars, 2 Locomotives, 1 Long Wall Equipment and a Cutting Machine. There is also a hoist to transport materials inside the unit. There is a BRADFORD Breaker in the surface to feed the Washing Plant. There is a Set of 21 Coke Ovens, with a capacity of 100,000 Coke tons per year. There is a by-product Plant to clean the coke gas in which Tar, Ammonium Sulfate and Light Crude Oil are recovered. There are also two Boilers to produce 80,000 steam pounds that are used in the by-products Plant.
8. The Electrolytic Zinc Refinery works with a Roaster with a capacity of 85 m2 of roasting area, a Steam Recovery Boiler and an acid Plant. There is a Calcines Processing Area with 5

leaching stages: Neutral, Hot Acid, Intermediate Acid, Acid, Purified Fourth and Jarosite, as well as two stages for Solution Purifying. There is a Cell House, with two Electrowinning Circuits, to finally obtain Metallic Zinc. There is an Alloy and Molding area with 2 Induction Furnaces and four Molding Systems, two of them with chains to produce 25 kilograms ingots and two Casting Wheels to manufacture one ton Jumbo pieces. This refinery has a production capacity of 104,000 tons of refined zinc per year.

9. San Luis Potosi Copper Smelter works with 2 yard locomotives, 2 Traxcavos, 20 Dump Cars, and 6 Mechanic Front Loaders for the furnace charge mixing. For smelting and conversion it has 3 Blast Furnaces, 2 Pierce Smith Converter Furnaces, 2 Molding Furnaces, 6 Electric Front Loaders, 6 Towing Units, 3 Narrow Way Locomotives, 2 Bridge Cranes, two 7-tons Cranes and 3 Hoists. For the Venting System it has 9 Fans with different capacities and 2 Filtering Bag Houses. This plant has a smelting capacity of 24,000 tons of blister copper per year.

**Employees: At December 31
Operations in Peru:**

At December 31	2005	2004	2003	2002	2001
Staff	756	723	726	724	765
Employees	1,079	1,081	1,089	1,075	1,116
Workers	1,730	1,740	1,751	1,776	1,845
Total	3,565	3,544	3,566	3,575	3,726

**Employees: At December 31
Operations in Mexico**

At December 31	2005	2004	2003	2002	2001
Employees	2,264	2,255	2,328	2,353	2,814
Workers	7,049	6,985	6,819	6,786	7,780
Total	9,313	9,240	9,147	9,139	10,594

**Employees: At December 31
Operations in Chile**

At December 31	2005	2004	2003	2002	2001
Total	10	10	0	0	0

Total employees in SCC:

Total Peru	3,565	3,544	3,566	3,575	3,726
Total Mexico	9,313	9,240	9,147	9,139	10,594
Total Chile	10	10	0	0	0
Total SCC	12,888	12,794	12,713	12,714	14,320

Investment shares or labor shares

Participation	Shareholders	Percent of Shares
Less than 1%	2,360	4.1%
Between 1% - 5%	-	0.0%
Between 5% - 10%	-	0.0%
More than 10%	2	95.9%
Total	2,362	100.0%

PRINCIPLES OF GOOD CORPORATE GOVERNANCE

I. GENERAL MANAGEMENT RESOLUTIONS CONASEV Nº 096-2003-EF/94.11 AND Nº 140-2005-EF/94.11

The information relating to both resolutions will be submitted to the National Commission for the Supervision of Corporations and Securities (CONASEV) of the Republic of Peru, together with the Annual Report.

Economic relations with other companies due to loans that commit more than 10% of the stockholders' equity of the issuing entity.

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

ADMINISTRATIVE JUDICIAL OR ARBITRATION PROCESSES

Litigation: See Note to Consolidated Financial Statements.

Changes of those responsible for the preparation and revision of the financial information

Jose N. Chirinos continues to act as Director of Comptroller and Finance and Marco A. Garcia as Finance Manager.

Information related to the stock entered in the Stock Market Public Registry

Common Stock:

On November 29, 1995 the Company offered to exchange the recently issued common shares (investment shares now) 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 shares in circulation exchange for 11,479,667 common are listed shares. These

common are listed shares listed on the 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.

In connection with the Minera Mexico acquisition (April 1, 2005), 67,207,640 new common shares were issued and class A common shares of the Company were converted to common shares, and preferential votes were eliminated. On June 9, 2005, Cerro Trading Company, Inc., SPC Investors L.L.C., Phelps Dodge Overseas Capital Corporation and Climax Molybdenum B.V., subsidiaries of two of SCC's founding shareholders and affiliates, sold their share in SCC.

Consequently, as of December 31, 2005, 147,228,025 common shares of the Company are outstanding, with a nominal value of \$0.01 per share.

CORPORATE BONDS:

On July 27, 2005 SCC issued \$200 million 6.375% Notes due 2015 and \$600 million 7.5% Notes due 2035. The notes are senior unsecured obligations of the Company. The net proceeds from the issuance and sale of the notes were used to repay outstanding indebtedness of our Peruvian and Mexican Operations, under its \$200 million and \$600 million (\$480 million outstanding) credit facilities, respectively, and the balance will be used for general corporate purposes. SCC filed a Registration Statement on Form S-4 with respect to these Notes on October 28, 2005. On January 3, 2006 the Company completed an exchange offer for \$200 million, 6.375% Notes due 2015 and \$600 million, 7.5% Notes due 2035. In the exchange offer, \$197.4 million of the 6.375% old notes due 2015 were tendered in exchange for an equivalent amount of new notes and an aggregate of \$590.5 million of the 7.5% old notes due 2035 were tendered in exchange for an equivalent amount of new notes. The new notes have been registered under the U.S. securities law. The indentures relating to the notes contain certain covenants, including limitations on liens, limitations on sale and leaseback transactions, rights of the holders of the notes upon the occurrence of a change of control triggering event, limitations on subsidiary indebtedness and limitations on consolidations, mergers, sales or conveyances. All of these limitations and restrictions are subject to a number of significant exceptions, and some of these covenants will cease to be applicable before the notes mature if the notes attain an investment grade rating. At December 31, 2005, we are in compliance with these covenants.

In January 2005, the Company signed a \$200 million credit facility with a group of banks led by Citibank, N.A. Proceeds of this credit facility were used to prepay \$199 million the outstanding bonds of the Company's Peruvian bond program. On July 28, 2005, a portion of the proceeds from the July 27, 2005 financing, noted above, were used to repay this facility.

In 1998, Minera México issued \$500 million of unsecured debt, which we refer to as its Yankee bonds. The Yankee bonds were offered in two series: Series A for \$375 million, with an interest rate of 8.25% and a 2008 maturity date, and Series B for \$125 million, with an interest rate of 9.25% and

a 2028 maturity date. During 2005, the Company repurchased \$143.0 million of the Series A bonds. The bonds contain a covenant requiring Minera Mexico to maintain a ratio of EBITDA to interest expense of not less than 2.5 to 1.0, as such terms are defined by the bonds. At December 31, 2005, Minera Mexico is in compliance with this covenant.

In 1999, the Company established a \$100 million credit facility with Mitsui & Co. The facility has a 15-year term with an interest rate of Japanese LIBO plus 1.25% (Japanese LIBO for this loan was 4.67% at December 31, 2005). The facility is collateralized by the assignment of copper sales receivables of 31,000 tons of copper per year and requires an escrow account to fund scheduled payments. The facility requires that we maintain a minimum stockholders' equity of \$750 million and a ratio of debt to equity no greater than 0.5 to 1.0, all as such terms are defined by the facility. Reduction of Grupo México's direct or indirect voting interest in our Company to less than a majority would constitute an event of default under the facility. At December 31, 2005, we are in compliance with these covenants.

On October 29, 2004, Minera Mexico borrowed \$600 million pursuant to a facility with a final maturity date in 2009. The credit facility bore interest at LIBOR plus 200 basis points. The proceeds from the credit facility were used to repay in full the amounts outstanding under a common agreement with holders of Minera Mexico's secured export notes and other financial institutions. The loan was secured by a pledge of Minera Mexico's principal properties and was guaranteed by its principal subsidiaries. In 2005, the Company prepaid the total amount of this financing, using in part proceeds from the July 27, 2005 Note issuance.

While we recently prepaid all amounts outstanding under our Peruvian bond program, we are authorized by Peru's Comisión Nacional Supervisora de Empresas y Valores (CONASEV) to issue additional bonds.

We expect that we will meet our cash requirements for 2006 and beyond from internally generated funds, cash on hand and from additional external financing if required.

COMMON SHARES MONTHLY STOCK PRICES 2005
LIMA STOCK EXCHANGE
ISIM CODE: US8436111046
SYMBOL: PCU

Period	Open	Close	Low	High	Average
200501	\$ 46.34	\$ 46.75	\$ 43.00	\$ 47.00	\$ 44.64
200502	\$ 47.15	\$ 63.00	\$ 47.00	\$ 64.30	\$ 52.71
200503	\$ 62.00	\$ 55.90	\$ 52.50	\$ 65.00	\$ 59.46
200504	\$ 56.00	\$ 51.00	\$ 50.20	\$ 59.50	\$ 56.86
200505	\$ 51.00	\$ 46.70	\$ 43.67	\$ 53.00	\$ 46.59
200506	\$ 46.70	\$ 43.00	\$ 41.70	\$ 49.50	\$ 42.18
200507	\$ 42.90	\$ 51.00	\$ 42.40	\$ 51.11	\$ 46.38
200508	\$ 51.50	\$ 48.70	\$ 47.60	\$ 54.35	\$ 50.32
200509	\$ 49.70	\$ 55.50	\$ 47.51	\$ 56.00	\$ 50.85
200510	\$ 54.82	\$ 54.51	\$ 49.98	\$ 60.60	\$ 53.68
200511	\$ 55.00	\$ 63.21	\$ 53.90	\$ 63.56	\$ 58.80
200512	\$ 64.00	\$ 67.00	\$ 64.00	\$ 71.00	\$ 68.95

COMMON SHARES MONTHLY STOCK PRICES 2005
NEW YORK STOCK EXCHANGE
SYMBOL: PCU

Period	Open	Close	Low	High	Average
200501	\$ 46.20	\$ 47.09	\$ 43.17	\$ 47.09	\$ 44.59
200502	\$ 47.36	\$ 62.91	\$ 46.25	\$ 62.91	\$ 51.16
200503	\$ 61.28	\$ 55.46	\$ 52.50	\$ 64.20	\$ 58.56
200504	\$ 55.89	\$ 51.14	\$ 51.14	\$ 59.20	\$ 55.23
200505	\$ 51.15	\$ 46.46	\$ 44.26	\$ 53.13	\$ 47.96
200506	\$ 46.62	\$ 42.84	\$ 41.63	\$ 49.25	\$ 44.66
200507	\$ 42.88	\$ 51.20	\$ 42.88	\$ 51.80	\$ 47.72
200508	\$ 52.52	\$ 48.98	\$ 47.44	\$ 54.25	\$ 50.74
200509	\$ 49.87	\$ 55.96	\$ 47.85	\$ 55.96	\$ 50.59
200510	\$ 55.74	\$ 55.24	\$ 50.20	\$ 58.92	\$ 53.96
200511	\$ 54.75	\$ 63.61	\$ 54.26	\$ 63.61	\$ 59.10
200512	\$ 67.20	\$ 66.98	\$ 66.55	\$ 70.60	\$ 68.27

COMMON SHARES MONTHLY STOCK PRICES 2005
LIMA STOCK EXCHANGE
ACCIONES DE INVERSION
SYMBOL: SPCCPL1

Period	Open	Close	Low	High	Average
200501	S/.24.20	S/.27.90	S/.22.96	S/.27.90	S/.25.23
200502	30.00	37.00	29.50	37.50	31.10
200503	38.00	37.00	36.00	42.00	39.08
200504	37.00	38.00	35.50	38.00	36.82
200505	32.00	27.02	27.00	32.00	29.68
200506	27.15	31.50	27.15	31.70	30.06
200507	31.50	35.50	31.00	35.50	32.47
200508	33.90	33.00	31.90	33.90	32.61
200509	33.00	35.95	31.50	35.95	32.40
200510	35.95	38.00	35.95	39.00	38.27
200511	39.00	39.10	38.36	41.00	39.63
200512	40.60	40.00	40.00	45.00	43.51

COMMON SHARES MONTHLY STOCK PRICES 2005
LIMA STOCK EXCHANGE
ACCIONES DE INVERSION
SYMBOL: SPCCPL2

Period	Open	Close	Low	High	Average
200501	S/. -	S/. -	S/.	S/. -	S/. -
200502	-	-	-	-	-
200503	-	-	-	-	-
200504	-	-	-	-	-
200505	-	-	-	-	-
200506	-	-	-	-	-
200507	-	-	-	-	-
200508	-	-	-	-	-
200509	S/.30.05	S/.30.05	S/.30.05	S/.30.05	S/.30.05
200510	32.51	32.51	32.51	32.51	32.51
200511	-	-	-	-	-
200512	-	-	-	-	-

Board of Directors

MEMBERS OF THE BOARD OF DIRECTORS AT DECEMBER 31, 2005

German Larrea Mota-Velasco, Director. Mr. Larrea has been Chairman of the Board since December 1999, Chief Executive Officer from December 1999 to October 2004, and a director of the Company since November 1999. He has been Chairman of the Board of Directors, President and Chief Executive Officer of Grupo Mexico (holding) since 1994. Mr. Larrea is also the Chairman and Chief Executive Officer of Americas Mining Corporation (AMC) (mining division) since 2003.

Mr. Larrea has been 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. Mr. Larrea was previously Executive Vice Chairman of Grupo Mexico, and has been member of the Board of Directors since 1981. He is also Chairman of the Board of Directors and Chief Executive Officer of Empresarios Industriales de Mexico (holding); Perforadora Mexico (drilling company), Mexico Compañía Constructora (construction company), Fondo Inmobiliario (real estate company), since 1992. He founded Grupo Impresa, a printing and publishing company in 1978, remaining as the Chairman and Chief Executive Officer until 1989 when the company was sold. He is also a director of Grupo Financiero Banamex, (Citigroup) S.A. de C.V., Banco Nacional de Mexico, S.A., Consejo Mexicano de Hombres de Negocios, and Grupo Televisa, S.A. de C.V. He and Mr. Genaro Larrea Mota-Velasco are brothers.

Oscar Gonzalez Rocha, Director. Mr. Oscar Gonzalez Rocha has been our Chief Executive Officer since October 21, 2004 and its President since December 1999. He has been a director of the Company since November 1999. Previously, he was our General Director and Chief Operating Officer from December 1999 to October 20, 2004. Mr. Gonzalez has been a director of Grupo Mexico from 2002 to present and Managing Director of Mexicana de Cobre, S.A. de C.V. from 1986 to 1999 and of Mexicana de Cananea, S.A. de C.V. from 1990 to 1999. He has been an alternate director of Grupo Mexico from 1988 to April 2002.

Emilio Carrillo Gamboa, Director. Mr. Emilio Carrillo Gamboa has been a director of the Company since May 30, 2003 and is our fifth independent director nominee. Mr. Carrillo Gamboa is a prominent lawyer in Mexico and has been a partner of the law firm Bufete Carrillo Gamboa, S. C., a law firm specializing in corporate, financial, commercial, and public utility issues, for the last five years. Mr. Carrillo Gamboa has extensive business experience and currently serves on the boards of many prestigious international and

Mexican corporations as well as charitable organizations. Since March 9, 2005 he is Chairman of the Board of the Mexico Fund, Inc. (NYSE — msxf), a nondiversified closed-end management investment company. He is also Chairman of the Board of Holcim-Apasco, S.A. de C.V. (cement company). Mr. Carrillo was Director General of Telefonos de Mexico S.A. de C.V. (TELMEX) and 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 Mexico, S.A. de C.V. (consumer products), San Luis Corporacion, S.A. de C.V. (automotive parts), Empresas ICA Sociedad Controladora, S.A. de C.V. (construction), Holcim Apasco, S.A. de C.V., The Mexico Fund, Inc., Bank of Tokyo – Mitsubishi (Mexico), S.A., Gasoductos de Chihuahua, S. de R.L. de C.V. and subsidiaries, Innova, S. de R.L. de C.V. and subsidiaries, and Grupo Mexico and subsidiaries. He is member of the Valuation, Contract Review and Nominating and Corporate Governance Committees of the Mexico Fund and a member of the Audit Committee of the following companies: Empresas ICA Sociedad Controladora, S.A. de C.V. since 2002, Holcim-Apasco, S.A. de C.V. since 2002, Grupo Modelo, S.A. de C.V. since 2002, Kimberly-Clark de Mexico, 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 since 2003. Except for Bank of Tokyo – Mitsubishi (Mexico), S.A., Gasoductos de Chihuahua, S. de R.L. de C.V., and Innova, S. de R.L. de C.V., which are private companies, the rest are public companies listed on the Mexican Stock Exchange, and two are listed on the NYSE: 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.

Jaime F. Collazo Gonzalez, Director. Mr. Collazo has been a director of the Company since April 28, 2004 and our Vice President, Finance and Chief Financial Officer from April 28, 2004 to March 10, 2005. He has been Director of Administration, Auditing and Information Technology of Grupo Mexico since March 2004. From 1998 to 2003, Mr. Collazo Gonzalez held the position of Managing Partner of Administration and Business Consulting, SC (a business consulting firm). 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 Tecnologica de Mexico and a Master degree in Business Administration from Instituto Tecnologico y de Estudios Superiores de Monterrey.

Xavier Garcia de Quevedo Topete, Director. Mr. Garcia de Quevedo has been a director of the Company since November 1999 and our Executive Vice President and Chief Operating Officer since April 12, 2005. He has been the President and Chief Executive Officer of Minera Mexico, S. A. de C. V. from September 2001 to April 2005. He was Managing Director of Grupo Ferrovionario Mexicano, S.A. de C.V. and of Ferrocarril Mexicano, S.A. de C.V. from December 1997 to December 1999, and Director General of Exploration and Development of Grupo Mexico from 1994 to 1997. He has been a Director of Grupo Mexico since April 2002.

J. Eduardo Gonzalez Felix, Director. Mr. Eduardo Gonzalez Felix has been a director of the Company and our Vice President, Finance and Chief Financial Officer since March 11, 2005. He has been the President and Chief Financial Officer of Grupo Mexico's Mining Division (Americas Mining Corporation or AMC) from January 2004 to March 2005 and its Chief Financial Officer from 1999 to March 2003. Mr. Gonzalez has been the Chief Financial Officer of Minera Mexico from mid-2001 to December 2003. He had also headed Grupo Mexico's Treasury and Investor Relations departments

from 1999 to 2001. Prior to joining Grupo Mexico, Mr. Gonzalez was a Senior Associate at McKinsey & Company, Inc., heading work for clients in various countries and industry sectors. Mr. Gonzalez holds two degrees from the University of Arizona in Economics and Political Science and a Master in Business Administration in Finance and International Business from the University of Chicago, Graduate School of Business. He has also concluded extensive graduate studies and research in Political Philosophy and European Union Economics at the Oxford University in England. Mr. Gonzalez has also worked at the Kimberly-Clark Corporation and at the Chicago Board of Trade.

Harold S. Handelsman, Director. Mr. Handelsman has been a director of the Company since August 2002 and is a special independent director nominee. Mr. Handelsman has been Executive Vice President and General Counsel 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 and currently serves as Executive Vice President of Global Hyatt Corporation, and is a director of 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.

Genaro Larrea Mota-Velasco, Director. Mr. Larrea was our Vice President, Commercial from December 1999 until April 25, 2002, and has been a director since November 1999. He was Managing Commercial Director of Grupo Mexico from 1994 to August 30, 2001, and has been a director of Grupo Mexico since 1994. He and Mr. German Larrea Mota-Velasco are brothers.

Armando Ortega Gomez, Director. Mr. Ortega has been our Vice President-Legal and Secretary since April 25, 2002 and a director since August 2002. He has been our General Counsel since October 23, 2003. Previously, he was our Assistant Secretary from July 25, 2001 to April 25, 2002. He has been General Counsel of Grupo Mexico since May 2001. He is also Assistant Secretary of Grupo Mexico. Previously, he headed the Unit on International Trade Practices of the Ministry of Economy of Mexico with the rank of Deputy Vice Minister from January 1998 to mid-May 2001, and was negotiator for international matters for said Ministry from 1988 to May 2001.

Luis Miguel Palomino Bonilla, Director. Mr. Luis Miguel Palomino Bonilla has been a director of the Company since March 19, 2004 and is a special independent director nominee. Mr. Palomino has been the principal and senior consultant of Proconsulta International (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. He was Chief Executive Officer, Senior Country and Equity Analyst of Merrill Lynch, Peru (investment banking) from 1995 to 2000. Mr. Palomino has held various positions with banks and financial institutions as an 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.

Gilberto Perezalonso Cifuentes, Director. Mr. Gilberto Perezalonso Cifuentes has been a director of the Company since June 2002 and is a special independent director nominee. From 1980 until February 1998, Mr. Perezalonso held various positions with Grupo Cifra S.A. de C.V., the most recent position being that of General Director of Administration and Finance. From 1998 until April 2001, he was Executive Vice President of Administration and Finance of Grupo Televisa, S.A. Mr. Perezalonso was the Chief Executive Officer of Aeromexico (Aerovias de Mexico, S.A. de C.V.) from 2004 until December 2005. He is also currently Treasurer of the Asociacion Vamos Mexico A.C., consultant to the Presidency of Grupo Televisa, S.A. and a member of its Board and its Executive Committee. He is also a member of the investment committee of IBM de Mexico. He is a member of the advisory council of Banco Nacional de Mexico, S.A. de C.V., the board and of the investment committee of Afore Banamex, the board and of the investment committee of Siefore Banamex No. 1, and is a member of the Boards of Gigante, S.A. de C.V., International Center for Human Development, Costa Rica, Masnegocio Co. S. de R.L. de C.V., and Financiera Compartamos, S.A. de C.V., SFOL. Mr. Perezalonso is a member of the Audit Committee of Televisa S.A. de C.V. and Cablevision, S.A. de C.V.

Mr. Perezalonso 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). Mr. Perezalonso has also attended the Corporate Finance program at Harvard University.

Juan Rebolledo Gout, Director. Mr. Rebolledo has been a director of the Company since May 30, 2003. Mr. Rebolledo has been International Vice President of Grupo Mexico since 2001. He was Deputy Secretary 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 Mexico, Political Science Department (1984-1985), and professor of said university (1981-1983). Mr. Rebolledo 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.

Carlos Ruiz Sacristan, Director. Mr. Carlos Ruiz Sacristan has been a director of the Company since February 12, 2004 and is a special independent director nominee. Since November 2001, he has been the owner and managing partner of Proyectos Estrategicos Integrales, a Mexican investment banking firm specialized in agricultural, transport, tourism, and housing projects. Mr. Ruiz has held various distinguished positions in the Mexican government, the most recent being that of Secretary of Communication and Transportation of Mexico 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

German Larrea Mota-Velasco
Chairman of the Board

Oscar Gonzalez Rocha
President and Chief Executive Officer

Xavier Garcia de Quevedo Topete
Executive Vice-President and Chief
Operating Officer

Eduardo Gonzalez Felix
Vice-President, Finance and Chief
Financial Officer

Mario Vinageras Barroso
Vice-President, Commercial

Vidal Muhech Dip
Vice-President, Projects

Armando Ortega Gomez
Vice-President, Legal, General Counsel
and Secretary

Jose N. Chirinos Fano
Comptroller

NEXT OF KIN

Messrs. German 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. SCC is a controlled company as defined by the rules of the NYSE. Grupo Mexico owns indirectly 75.1% of the stock of the Company. 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 Copper Corporation.

SPECIAL COMMITTEES OF THE BOARD

SCC's Board of Directors has organized the following Special Committees:

- 1) **Executive Committee**, comprised of five members who substitute for the Board when sessions or decisions are required concerning urgent matters, or when the Board has expressly delegated its mandate.
- 2) **Audit Committee**, comprised of 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 indepen-

dence of the independent 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 proxy statement.

- 3) **Compensations Committee**, comprised of 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) **Stock Incentive Plan**, comprised 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) **Special Nominating Committee**, comprised of two independent directors and one appointed by the Board. The principal purpose is to propose and evaluate candidates to fill the positions of special independent directors.
- 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) **Administrative Committee Designated by the Board for (Employee Retirement Income Security Act - ERISA – USA) Benefit Plans**. ERISA is the law that protects employee retirement and other benefit plans. The Vice-President for Finance and Chief Financial Officer is the Board-Appointed Trustee for the Company's Benefit Plans subject to US regulations, including ERISA. This Officer will appoint an Administrative Committee comprised of four management members whose purpose is to administer and manage those plans and to oversee the performance of the trust agents and others charged with investing plans' funds.

ADMINISTRATION AND BOARD INCOME

Total remunerations of Board and Administration members, in relation to the Company's gross income is 0.20%.

ANNUAL MEETING

The annual meeting of stockholders of Southern Copper Corporation will be held on Thursday, April 27, 2006 at 17:00 hours. Mexico D.F. time, at Avenue Baja California N° 200, Fifth Floor, Colonia Roma Sur, Mexico City, Mexico.

CORPORATE OFFICES

USA

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U.S.A.
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Fax: +(602) 977-6700

Peru

Avenue Caminos del Inca No. 171
Chacarilla del Estanque
Santiago de Surco
Lima 33, Peru
Phone: +(511) 372-1414, Ext. 3211
Fax: +(511) 372-0262

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

SCC stockholders can have their dividends automatically reinvested in SCC common shares. SCC 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 SCC's Common Stock are the New York Stock Exchange and the Lima Stock Exchange. The SCC Common Stock symbol is PCU on both the NYSE and on the Lima Stock Exchange.

OTHERS

The Branch in Peru has issued, in accordance with Peruvian law, 'investment shares' (formerly named labor shares) that are listed on the Lima Stock

Exchange under the symbols S-1 and S-2. Transfer Agent, registrar and stockholders services are provided by Banco de Credito of Peru at Avenue Centenario 156, La Molina, Lima 12, Peru. Phone +(511) 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 corporate offices.

SOUTHERN COPPER CORPORATION

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

NYSE Symbol: PCU.

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

Web Page:

www.southerncoppercorp.com

Email address:

southerncopper@southernperu.com.pe

Form 10-K. Certification required by New York Stock Exchange.

The enclosed Form 10-K contains which Management's Discussion and Analysis of Financial Condition and Results of Operations, Consolidated Combined Financial Statements and the accompanying notes are an integral part of this Annual Report.

The Company has filed with the NYSE the 2005 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 Annual Report on 2005 Form 10-K. The Company anticipates filing on a timely basis, the 2006 NYSE certification.

MEMBERS OF THE BOARD OF DIRECTORS

German Larrea Mota-Velasco
Oscar Gonzalez Rocha
Emilio Carrillo Gamboa
Jaime Fernando Collazo Gonzalez
Xavier Garcia de Quevedo Topete
Eduardo Gonzalez Felix
Harold S. Handelsman
Genaro Larrea Mota-Velasco
Armando Ortega Gomez
Luis Miguel Palomino Bonilla
Gilberto Perezalonso Cifuentes
Juan Rebolledo Gout
Carlos Ruiz Sacristan

AUDIT COMMITTEE

Emilio Carrillo Gamboa, Chairman
Luis Miguel Palomino Bonilla, and
Gilberto Perezalonso Cifuentes

EXECUTIVE OFFICERS

German Larrea Mota-Velasco
Chairman of the Board

Oscar Gonzalez Rocha
President and Chief Executive Officer

Xavier Garcia de Quevedo Topete
Executive Vice President, Chief Operating Officer

Eduardo Gonzalez Felix
Vice-President, Finance and Chief Financial Officer

Mario Vinageras Barroso
Vice-President Commercial

Vidal Muhech Dip
Vice-President, Projects

Armando Ortega Gomez
Vice-President, Legal, General Counsel and Secretary

Jose N. Chirinos Fano
Comptroller

ADMINISTRATION OF THE BRANCH

Oscar Gonzalez Rocha
President and Chief Executive Officer

Jose N. Chirinos Fano
General Director of Comptroller and Finance

Edgard Corrales Aguilar
Exploration Director

Jose I. De los Heros Ugarte
Commercial Director

Hans A. Flury Royle
Legal Director

Manuel A. Plenge Espinoza
Director of Logistic

Mauricio Pero Diez de Medina
General Director of Operaciones

Elsiario Antunez de Mayolo Remis
Director of Cuajone Operations

Ezio Buselli Canepa
Director of Environmental Services

Alberto J. Giles Ponce
Human Resources Director

Fernando Mejia Correa
Director of Toquepala Operations

William E. Torres Pino
Director of Ilo Operations

SOUTHERN COPPER CORPORATION

CORPORATE OFFICES

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New York Stock Exchange

Symbol: PCU

Peru

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Lima Stock Exchange

Symbol: PCU

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