



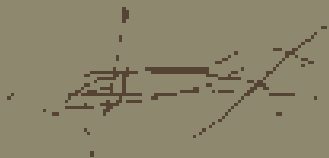
ANNUAL REPORT ▶ THE MEANING OF 2006

2006
SOUTHERN COPPER

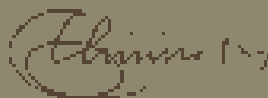


STATEMENT OF RESPONSIBILITY

"The present document contains truthful and sufficient information regarding the development of the business of Southern Copper Corporation ("SCC") during 2006. SCC takes responsibility for its content according to applicable legal requirements."



Armando Ortega Gomez
VICE-PRESIDENT LEGAL 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.



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Letter to the Shareholders

2006 has been another extraordinary year for Southern Copper Corporation (SCC), in particular, and for the mining industry in general. Our sales reached \$5.460 million and net earnings were \$2,038 million, an increase of 33.5% and 45.6%, respectively, as compared with 2005.

These record results are mainly due to the higher metal prices, as well as to our ongoing commitment to improving efficiencies and integrating our mining processes through refined metals and special alloys.

Other indications of our strengthened position in 2006 are the increase of \$341 million (10.2%) in stockholders' equity, an increase of \$212 million in the fixed assets and an increase of \$427 million in cash and marketable securities.

In 2006, average market prices for copper and our principal byproducts, except for molybdenum, increased significantly from 2005 prices. The average COMEX copper price was \$3.09 per pound, compared to \$1.68 per pound in 2005, an increase of 83.9%. The zinc average price was \$1.49 per pound, 136.5% higher than the \$0.63 per pound, in the previous year. The average silver price was \$11.54 per ounce, 57.7% higher than the \$7.32 per ounce in the previous year. The gold average price was \$604.34 per ounce, a 35.8% increase compared with \$444.88 per ounce in 2005. The molybdenum average price was \$24.38 per pound, 21.5% less than the \$31.05 per pound in 2005.

Regarding the modernization of the copper smelter in Ilo, the project was completed on time and the operation of the Isa furnace started in February 2007. The anode casting wheel part of this project started operating in the first quarter of 2006, replacing blister production with anodes. The production of anodes allowed us to feed the refinery directly, eliminating the cost of re-melting blister into anode form. We estimate that this has saved the Company two cents per pound in smelting and refining cost at the Ilo operations. At Toquepala, the leach dumps project reached 99.1% progress by December 31, 2006; the installation of all the conveyor belts, with a total length of 4.6 kilometers, is almost completed. By the end of 2006, 34.5 million tons of material had been deposited of a total of 39.5 million tons needed to finish the ramp, which is expected to be completed in the first quarter of 2007.

In parallel, a new PLS dumps project is being constructed; this project is complementary to the leaching dump project, as the new dumps will require new collection dams. Through December 2006, the project was 84.5% complete.

During 2006, we had a tragic accident in our Pasta de Conchos coal mine in Mexico. The Company responded to this accident with a search and recovery effort for the dead miners remains. Also, a major economic, educational, health and humanitarian program was developed for the miners' families and the communities in the area.

Regarding the exploration activities in Peru, the Los Chancas project (a copper and molybdenum porphyry deposit), initiated pre-feasibility studies in mid 2006, and are expected to be completed by the second quarter of 2007, when the commercially mineable reserves amounts will be released as well as projections to finish the feasibility studies. In 2006, the Tia Maria project, a porphyritic copper-gold deposit, concluded its drilling program and the feasibility studies have begun which are expected to be finished in the third quarter of 2007.

In Mexico, the project for a new SX/EW plant at Cananea mine is underway; and we expect to produce 33,000 tons of copper in 2009. At the same time, engineering is being developed to expand the Cananea concentrator capacity to increase its copper in concentrates production to 32,000 tons. Also, the construction of a molybdenum plant with an annual capacity of 10 million pounds is in process. In addition, the construction of a new concentrator with a milling capacity of 100,000 tons per day is in the feasibility study stage. It will increase the copper production by additional 200,000 tons, and we expect to start its operation in 2011.

We continue to integrate aspects of our Mexican and Peruvian operations to achieve operational synergies and to obtain additional economic benefits. In December 2005, a team made up of personnel from our operations in Mexico and Peru and an independent consulting group began a project to review the support activities of both operations.

In the Mexican open pit units, we faced serious labor challenges at the Cananea and La Caridad mines, which were illegally blocked, and affected the production of copper concentrate and molybdenum. To fulfill client commitments it was necessary to purchase concentrate from third parties. Even though production was lower than the previous year, the Company benefited from better metal prices, which added to its strength, allowed it to obtain excellent results.

At present, SCC has mining activities in Mexico and Peru, and exploration in Chile. Exploration of mining deposits in those countries will allow the Company to increase its reserves, as well as projects its operations into the future. In December 2006, we announced a significant increase in the reserves of our Peruvian mining units. Using the same copper price of \$0.90 per pound, which were registered previously the copper reserves of the Toquepala mine increased to 61% and the copper reserves of the Cuajone mine increased by 22%.

The projects Southern Copper is executing will further consolidate our position amongst the principal metal producers in the world, which we believe will provide a more satisfactory economic return for the shareholders, a greater contribution to the countries and localities where we operate, and greater benefits to our employees and workers.

On behalf of Southern Copper Corporation's Board, we express our thanks to all our personnel for their efforts, 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



XAVIER GARCIA DE QUEVEDO TOPETE
PRESIDENT AND CHIEF EXECUTIVE OFFICER

Southern Copper Corporation and Subsidiaries

FIVE-YEAR PRODUCTION STATISTICS

	2006	2005	2004	2003	2002
Copper production Mines (tons)					
Mined Material (thousand)	409,623	426,951	386,364	356,600	357,635
Copper in concentrates	506,084	574,976	603,907	547,172	491,828
Copper SX/EW	99,575	114,953	114,100	118,744	122,190
Total copper	605,659	689,929	718,007	665,916	614,018
Molybdenum in concentrates	11,837	14,803	14,373	12,521	11,747
Zinc in concentrates	136,592	143,609	133,778	128,760	135,442
Silver in concentrates	502,993	575,266	576,372	559,941	562,219
Smelter/refineries production					
Copper	591,794	629,353	594,278	537,501	579,905
Zinc	51,035	101,523	102,556	101,069	92,012
Silver	12,379	12,487	10,796	12,147	15,536
Toquepala					
Mined Material (thousand)	131,607	134,505	115,120	105,242	102,145
Copper in concentrates	151,775	157,456	160,852	142,373	125,424
Molybdenum in concentrates	5,813	5,324	6,004	4,153	4,215
Cuajone					
Mined Material (thousand)	112,410	109,855	101,265	97,471	99,589
Copper in concentrates	174,404	163,659	194,389	184,528	168,208
Molybdenum in concentrates	3,523	5,279	4,657	4,867	4,104
Smelter/refineries in Peru					
SX/EW	35,805	36,498	42,125	47,756	52,854
Smelt concentrates	1,107,458	1,206,252	1,213,030	1,182,870	1,183,816
Blister produced	30,756	325,623	320,722	314,920	281,669
Anode produced	298,435	0	0	0	0
Cathode produced	273,299	285,205	280,679	284,006	281,669
Mexicana de Cobre – Caridad					
Mined Material (thousand)	46,606	75,465	72,430	73,916	62,952
Copper in concentrates	58,071	122,317	110,385	107,236	91,925
Molybdenum in concentrates	2,501	4,200	3,712	3,501	3,428
Cananea					
Moved Material	114,595	102,508	93,160	75,692	88,435
Copper in concentrates	111,280	118,741	123,228	94,103	86,641
Smelter/refineries in Mexico					
SX/EW	63,770	78,454	71,975	70,988	69,336
Smelt concentrates	723,984	894,735	820,459	629,505	700,278
Anode produced	242,410	282,412	250,890	199,033	239,031
Cathode produced	200,357	233,682	202,146	163,965	199,901
Rod produced	96,582	113,165	69,529	53,822	97,485
Underground					
Contents in concentrates (tons)					
Zinc	136,592	143,609	133,778	128,760	135,442
Lead	19,081	19,545	18,842	20,884	23,800
Copper	10,555	12,804	15,053	18,932	19,630
Silver (Kilograms)	288,524	316,723	325,652	334,993	380,693
Gold (Kilograms)	139	125	164	217	266

Southern Copper Corporation and Subsidiaries

COPPER RESERVES (Thousands of tons)

	OPERATIONS PERUVIANS OPEN PIT		OPERATIONS MEXICANS OPEN PIT		TOTAL OPEN PIT	
	CUAJONE	TOQUEPALA	CANANEA	LA CARIDAD		IMMSA
Sulfides	2,423,252	3,716,159	6,111,482	3,422,081	15,672,974	47,372
Average Grade: Copper	0.519%	0.491%	0.401%	0.244%	0.406%	0.48%
Average Grade: Molybdenum	0.017%	0.024%	--	0.029%	0.024%	--
Leachable	16,115	118,178	1,754,218	1,247,388	3,135,899	--
Average Grade: Leachable Material	0.496%	0.207%	0.142%	0.117%	0.136%	--
Waste	6,190,725	14,592,989	5,963,936	1,010,496	27,758,146	--
Total material	8,630,092	18,427,326	13,829,636	5,679,965	46,567,019	--
Stripping ratio	2.56	3.96	1.26	0.66	1.97	--

FIVE-YEAR SELECTED FINANCIAL AND STATISTICAL DATA

FOR THE YEARS ENDED DECEMBER 31, (in millions, except per share and employee data)	2006	2005	2004	2003	2002
Consolidated statement of earnings					
Net sales	\$ 5,460	\$ 4,089	\$ 3,097	\$ 1,577	\$ 1,388
Operating costs and expenses	2,406	2,018	1,614	1,251	1,201
Operating income	3,054	2,071	1,483	326	187
Minority interest of investment shares in income of Peruvian Branch	9	12	5	4	9
Extraordinary Loss					
Net earnings	\$ 2,038	\$ 1,400	\$ 982	\$ 84	\$ 145
Per share amount					
Net earnings – Basic and diluted	\$ 6.92	\$ 4.76	\$ 3.33	\$ 0.29	\$ 0.49
Dividends paid	\$ 5.13	\$ 2.90	\$ 0.65	\$ 0.16	\$ 0.18
Consolidated balance sheet					
Total assets	\$ 6,376	\$ 5,688	\$ 5,319	\$ 4,491	\$ 4,419
Cash and marketable securities	1,303	876	756	352	175
Total debt	1,528	1,172	1,330	1,671	1,621
Stockholder's equity	3,667	3,326	2,814	2,023	1,882
Consolidated statement of cash flows					
Cash provided from operating activities	2,059	1,663	1,172	61	182
Dividend paid	1,509	854	191	45	22
Capital expenditures	456	471	228	65	85
Depreciation & depletion	275	277	193	177	158
Capital stock					
Common shares outstanding	294.4	294.4	294.4	294.4	294.4
NYSE Price – high	\$ 58.12	\$ 35.30	\$ 27.05	\$ 24.43	\$ 7.77
Price – low	\$ 34.65	\$ 20.82	\$ 13.27	\$ 7.21	\$ 5.41
Book value per share					
P/E ratio	\$ 12.45	\$ 11.33	\$ 9.56	\$ 6.87	\$ 6.39
	7.79	7.04	7.08	83.11	15.41
Financial ratios					
Current assets to current liabilities	2.84	2.15	1.70	1.88	1.64
Debt as % of capitalization	5.8%	8.2%	17.0%	39.5%	43.4%
Employees (at year end)	12,218	12,888	12,794	12,713	12,714



► Expansion

{ ex·pan·sion }

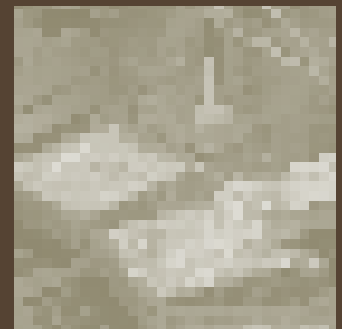
NOUN

[1] The act or process of expanding.

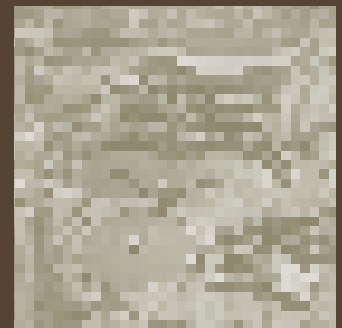
[2] The act of increasing (something) in size or volume or quantity or scope; an increase in economic and industrial activity.

The projects of expansion and modernization have allowed a constant growth. In 2006, SOUTHERN COPPER CORPORATION continued developing diverse construction works and concluded the modernization of its copper smelter in Ilo, Peru.

The Ilo Smelter Modernization Project, the new Smelter will use one Isasmelt furnace and two Rotary Holding Furnaces for the copper concentrate smelting stage in order to separate the matte from the slag. The conversion stage will be realized in four 15 feet diameter and 35 feet length Pierce Smith converters. Out of these, three were re-furbished and one is new. A new Anode Plant, a new Sulfuric Acid Plant and a new Oxygen Plant were installed, as well as the other necessary auxiliary facilities.



Anodes plant - Casting wheel - Ilo - Peru



Panoramic view Cuajone concentrator - Peru

The Ilo smelter modernization was finished as scheduled. We continue with our efforts to gradually increase our production based on our significant mineral reserves.

Expansion and Modernization Program

OPERATIONS IN MEXICO

QUEBALIX III, CANANEA MINE, MINE OF CANANEA

In November 2006, the engineering for the Breaker Project began, a set of movable and fixed bands denominated Quebalix III, with an estimated crushing capacity of 3,200 tons per hour. Copper will be recovered from crushed and stored material treated by the leaching process. The copper resulting from the process will be used to feed the ESDE III plant.

Currently, detailed engineering is being developed and we expect to initiate operations in the second half of 2008.

SX/EW III PLANT, CANANEA MINE

By the end of 2006, basic engineering for a SX/EW plant at Cananea was concluded. In 2007, detailed engineering will begin and, also, the construction of this plant, with a copper capacity of 90 T.M./day.

MOLYBDENUM PLANT, CANANEA MINE

This plant will recover molybdenum at the Cananea mine; it is expected to reach a processing capacity of 1,600 T.M./day, with final estimated production of 10.4 T.M./day of molybdenum concentrate.

In 2006, we began the metallurgical investigation and the basic engineering of the project; during the second half of 2007, we plan to start the detailed engineering.

EXPANSION OF THE CONCENTRATOR PLANT, CANANEA MINE

To extend the capacity for production of concentrates at the Cananea unit, we are developing a project to expand the concentrator, which will extend the milling and recovery capacity from 76,700 T.M./day to 95,000 T.M./day. Currently, we are carrying out a diagnosis of operation of the plant and we expect that the information of the general criteria and reach design will be finished by the second half of 2007.

OPTIMIZATION OF GAS HANDLING AND OTHER PROJECTS AT LA CARIDAD METALLURGICAL COMPLEX

The gas handling project for the converters and the Teniente reactor is 62% complete. The Company expects that the installation of the first converters bell and, the one for the Teniente reactor, will be in May 2007, and the second for the converters will be in October 2007.

Basic engineering to improve the pneumatic transport for the copper concentrator is under construction at the Teniente Reactor.

Basic engineering for the project "The Treatment Plant of Dusts and Effluents" was concluded.

The project consists of extending the capacity of mineral extraction, from the interior of the San Diego mine to the Shot Segovidad II by means of a transporting band of 1.354 meters in length. With this project, it will be possible to reach the San Diego mine reserves, whose metallic contents are the highest of the entire unit. At the moment, the ramp has been completed and we continue the reinforcement work to the land to be able to conclude complementary works and to initiate the electromechanical facilities that will be completed next year.

Zacatecas

Deepening of the Shot of the San Martin Unit

The project consists of two phases to deepen the shot of the unit and thus to be able to improve the operation of the reserves for a minimal cost. The first stage contemplates a deepening of 220 meters for shot and necessary works of the crushing equipment. The mining work has been completed; what remains is part of the electromechanical installation, as well as the grounding of the breaker.

In the second phase, starting in 2007-2008, it will be necessary to deepen the inner shot II, as well as the construction of new facilities of loading; in this stage, we will deepen 330 meters of shot, giving continuity to the operations of the unit and allow it to reach the levels of the mineral with greater potential.

OPERATIONS IN PERU

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

In Toquepala, the leach dump, crushing and conveying project reached 99.1% progress in December 2006. Overland conveyor 15 was completed and overland conveyor 16 is under construction, with 4.6 kilometers in total length. These conveyors are being used to make the ramp that will provide access to the leach dump formations at level 2890. At the end of 2006, 34.5 million tons out of a total of 39.5 million tons of material were deposited. The ramp construction is estimated to be completed in early 2007.

At the same time, the new PLS dam construction project is under way. This project complements the leach dump project, since these new deposits will require new collection dams. At December 2006, the project had reached 84.5% completion. The PLS dam is completed; pending completion are lines to conduct PLS and raffinate, the acid addition systems and 13.8 Kv power distribution lines which are in the process of installation.

Studies on possible sites for the disposal tailings from Toquepala and Cuajone were finished. The alternative recommended was to increase height of the Quebrada Honda dam, using the conventional cycloning method. Detailed engineering was finished. The procurement process has started with the ordering of main equipment with long lead-times. The project has reached 28.5% completion.

The installation work for a diversion conveying system to the Toquepala Concentrator using the primary crushing for leaching dumps to feed material to the concentrator is in process. This is necessary in order to avoid losing production when maintaining the original crusher of the concentrator. The work has reached 72% completion.

In Cuajone, work began on the construction of the new leaching pad phase III for oxide minerals, that will allow us to operate for another five years. The project has reached 68% completion.

The Ilo smelter modernization project, will use one Isasmelt furnace and two rotary holding furnaces for the copper concentrate smelting stage in order to separate the matte from the slag. The conversion stage will be realized in four 15 feet diameter and 35 feet length Pierce Smith converters. Out of these, three were re-furbished and one is new. A new anode plant, a new sulfuric acid plant and a new oxygen plant were installed, as well as the other necessary auxiliary facilities.

Processing capacity will be 1.2 million tons of copper concentrate per year. It is anticipated that sulfur capture will be 95%, above current Peruvian environmental legislation requirements. The final product of the new smelter is copper anodes replacing the blister bars that were previously produced.

During 2006, construction work at the smelter continued, reaching 98.8% completion in December 2006. The anode plant part of this project started its operation in January 2006, converters 5 and 6 were upgraded in March and April, respectively, the new power substation of 70 MVA was put into operation in April, the new seawater intake started operation in May, converter 7 was upgraded in July, the two desalination plants of 55 m³/h, each one, started operation in August, the oxygen plant No. 2 started operation in October, the new converter 4 started its operation in

November. The acid plant is under pre-operational testing. The two 22,500 ton tanks for receiving and storing of the sulfuric acid produced by the new and the existing acid plants, were finished in December 2006.

The building, for the Isasmelt smelting furnace, the rotary holding furnaces, the waste heat boiler and the electrostatic precipitator, is almost finished. Pre-operational testing of each equipment and later their control as an integrated system for the new smelter has begun.

Construction work on a seaboard terminal to dispatch sulfuric acid that will be produced due to the modernization was suspended in September 2006 until all necessary permits are obtained. We expect to have the necessary permits in early 2007 to restart the construction of this seaboard terminal as soon as possible.

The pre-feasibility study for Los Chancas project is in progress. The study started by the middle of 2006 and is scheduled for completion by the second quarter of 2007.

The feasibility study for Tia Maria Project is in progress. The study is scheduled for completion by the third quarter of 2007.



► Exploration

N O U N

{ ex · plo · ra · tion }

[1] An act or instance of investigating; a careful systematic search.

[2] The investigation of unknown regions; to travel for the purpose of discovery.

SOUTHERN COPPER CORPORATION continues with an intensive program of exploration in order to locate new deposits and to increase the reserves of the mines in Mexico, Peru and Chile.

In Mexico, Southern Copper Corporation controls 513,928 Hectares of mining concessions. In Peru, we have direct control of 114,133 Hectares, and in Chile, 32,258 Hectares are controlled through exploration mining concessions.

MEXICO PROJECTS

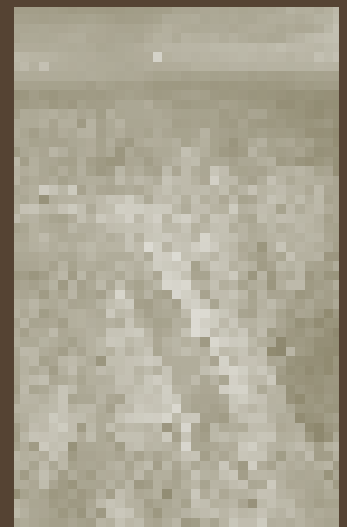
- Cananea
- La Caridad
- El Arco
- Angangueo
- Buenavista
- Carbon Coahuila

PERU PROJECTS

- Los Chancas
- Tantahuatay
- Tia Maria
- El Fiscal

CHILE PROJECTS

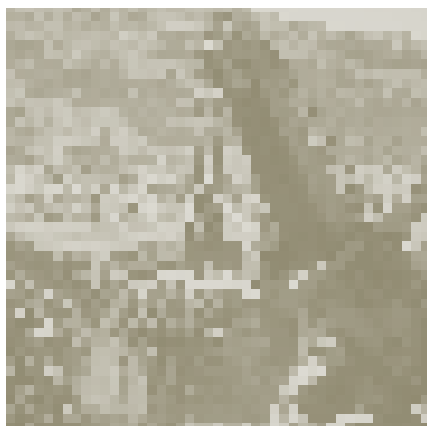
- El Salado
- Sierra Aspera
- Esperanza
- Catanave



Panoramic view Toquepala mine - Peru
Overland conveyors for leaching dumps

In 2006, US\$26.9 million were invested in exploration programs, compared to US\$24.4 million in 2005, and US\$15.6 million in 2004.

Exploration



Toquepala mine - Peru
Loading operations

Southern Copper Corporation continues with an intensive exploration program to find new mineral deposits and to increase reserves at our operating mines in Mexico and Peru, as well as at exploration projects in Chile. In 2006, \$22.7 million were invested in exploration programs, compared to \$24.4 million in 2005, and \$15.6 million in 2004.

In Mexico, we control 513,936 hectares of mining concessions for exploration and exploitation. In Peru, we have direct control of 114,133 hectares for exploration, and in Chile, 35,258 hectares are controlled through exploration mining concessions.

MEXICO

In addition to exploratory drilling programs at existing mines, we are currently conducting exploration to locate mineral deposits at various other sites in Mexico. In particular, we have identified significant copper and gold deposits at El Arco site.

El Arco

The El Arco site is located in the state of Baja California in Mexico. Preliminary investigations of the El Arco site indicate a mineral deposit of 846 million tons of sulfide with average copper grades of 0.51% and 0.14 grams of gold per ton, and 170 million tons of leach materials with average copper grades of 0.56%. Currently we are in the process of identifying water sources for a leaching operation, and have finished the first test hole that indicates good water potential.

Anganguero

The Anganguero site is located in the state of Michoacan in Mexico. A mineral deposit of 13 million tons has been identified with diamond drilling. Testing indicates that

the mineral deposit contains 0.16 grams of gold and 262 grams of silver per ton, and is comprised of 0.79% lead, 0.97% copper and 3.5% zinc. During 2005, we received the approval for our environmental impact study and we are in the process of obtaining land use approval. During 2006, we have been negotiating with the state of Michoacan to purchase various properties essential to the operation.

Buenavista

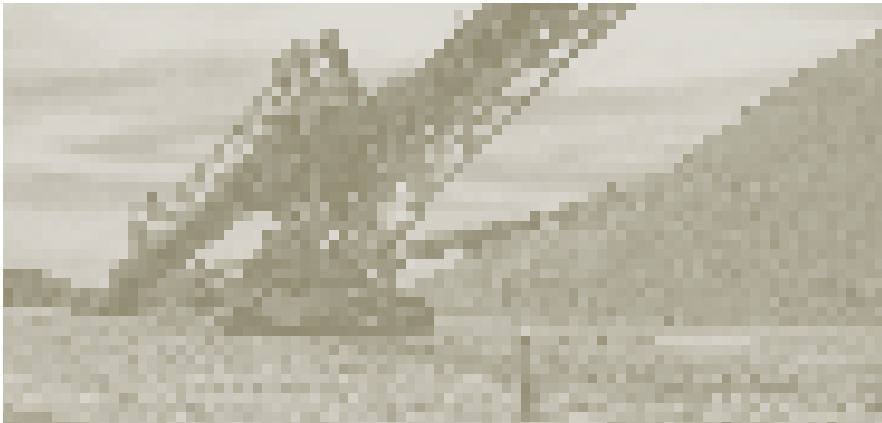
The Buenavista project site is located in the state of Sonora in Mexico, adjacent to the Cananea ore body. Drilling and metallurgical studies have shown that the site contains a mineral deposit of 36 million tons containing 29 grams of silver, 0.69% of copper and 3.3% of zinc per ton. A new "scoping level" study indicates that Buenavista may be an economical deposit, but further diamond drilling is needed to upgrade resources and further metallurgical testing to firm up the flotation process.

Carbon Coahuila

In Coahuila, an intensive exploration program of diamond drilling has identified two additional areas, Esperanza with a potential for plus 30 million tons of "in place" coal and Guayacan with a potential for 15 million tons of "in place" coal, that could be used for a future coal-fired power plant.

The Chalchihuites

The Chalchihuites project is located in the state of Zacatecas. It is a contact deposit with mixed oxides and sulfides of lead, copper, zinc and silver. A drilling program, in the late nineties, defined 16 million tons containing 95 grams of silver, 0.36% lead, 0.69% copper and 3.08% zinc per ton. Preliminary metallurgical testing indicates a



Toquepala - Peru - Spreader at the end of overland conveyors for leaching dumps

leaching precipitating-flotation (LPF) recovery process that can be applied to this ore. Due to favorable metal prices, an evaluation of this ore body was started.

PERU

Los Chancas.

The Los Chancas project, located in the department of Apurimac in southern Peru, is a copper and molybdenum porphyry deposit. The exploration program and the final phase of the metallurgical testing were completed in early 2006. The pre-feasibility studies started in mid 2006 and should be completed by early 2007, when commercially exploitable reserves will be better defined. To date there are 200 million tons with a copper grade of 1.0%, 0.07% molybdenum and 0.12 grams of gold per ton.

Tantahuatay.

The Tantahuatay project is located in the department of Cajamarca in northern Peru. The exploration work is intended to evaluate the upper part of the deposit mainly for gold recovery. Work to date indicates mineralization of 27.1 million tons, with an average gold content of 0.89 grams per ton and 13.0

grams of silver per ton. We have a 44.25% share in this project. During the last years we have concentrated our efforts on dealing with social and environmental concerns of communities near the project.

Tia Maria.

The Tia Maria project, located in the department of Arequipa on the southern coast of Peru, is part of a copper porphyritic system. In 2006 the diamond drilling program was completed and the project's feasibility studies were initiated considering the new porphyritic copper-gold deposit recently discovered of La Tapada, as part of the Tia Maria project. During 2006 a total of 41,195 meters of diamond drilling was performed and we expect to conclude the infill drilling in the first months of 2007.

The feasibility study of the Tia Maria project is expected to be concluded by the third quarter of 2007.

Other Peruvian Prospects.

As part of our 2006 exploration and development program, we drilled 2,410 meters in the prospect named El Fiscal, which is un-

der exploration for copper. The intention is to intensify exploration during 2007. The Portuguesa prospect has been explored for gold in the Department of Ayacucho in the central Peruvian sierra, with a total of 2,580 meters of diamond drilling.

CHILE

In Chile we have control of 35,258 hectares of mining rights, and are currently developing different exploration programs.

El Salado.

The El Salado prospect, located in the Atacama Region, is being explored for copper-gold. Through 2006, 20,350 meters of diamond drilling were completed, 8,326 meters was drilled in 2006. Likewise, in the Sierra Aspera, a copper-gold prospect, located in the north of Chile, 1,128 meters of diamond drilling was performed.

Other Chilean Prospects.

There are other prospects such as Esperanza, located in the Atacama region, where drilling started at the end of 2006. We are also continuing with the exploration of Catanave in the Tarapaca region.



SCC miners in Mexico

▶ Development

{ de·vel·op·ment }

NOUN

[1] A process in which something passes by degrees to a different stage.

[2] A process of economic, social, cultural or political growth of a human community.

SOUTHERN COPPER CORPORATION substantially stimulates the economy growth in the south of Peru and is particularly interested in promoting the sustainable development and wellbeing of the region's population by carrying out Social Investment actions in the neighboring communities.

Our social performance in these communities sustains in the base of the philosophy of co-responsibility and co-participation, involving various institutions of the surroundings in the Agreed Plans of Development of the diverse local governments. It is through this modality that we act as a facilitator and are an actor else in a greater bet of the localities of our surroundings towards their sustainable development.



Community Outreach

Our social performance in these communities sustains the philosophy of co-responsibility and co-participation, involving various institutions of the surroundings in the Agreed Plans of Development of the diverse local governments.



Reforestation Program - Mexico

MEXICAN OPERATIONS

IMMSA DIVISION

The IMMSA Division actively participates by promoting environmental culture, working with primary 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 neighboring communities and gratuitously gives cosmetics, sewing, manual works, first aid, computing, bakery, yoga courses and workshops, as well as informative sessions for health and environmental self-care, among others things.

In addition, the IMMSA Division promotes sports among the population, providing them with facilities to access their fields and facilities where more than 40 amateur soccer teams and more than 50 baseball and softball teams participate. Several educational institutions also hold their inter-institutional matches at IMMSA facilities. In neighboring towns we hold national day and charity activities. The Division also promotes the IMMSA Children Soccer League – INFONAVIT

MORALES, and participates in organizing, disseminating and co-sponsoring several athletics events.

IMMSA also participates in paving streets and sidewalks, as well as city landscaping.

The Unit Santa Barbara unit, located in the State of Chihuahua, constructed basketball courts in the Benito Juarez primary school, in coordination with the municipality. The Company donated waste containers to schools in the region and the city councils of Santa Barbara and Parral.

CANANEA AND LA CARIDAD UNITS

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

Additionally, these units support the Hermosillo City Ecologic Center, located in the state of Sonora, which contributes to the conservation of the Mexican gray wolf, an endangered species.

The emergency brigades of both units support neighboring communities in case of fire, natural disasters or environmental contingencies. In addition, the Cananea unit cooperates with the Volunteer Firefighter Body by doing the preventive maintenance on their 4 firefighting equipment.

The La Caridad unit organizes different socio-cultural activities such as manual work workshop, bakery, pottery, guitar, carpentry

try. 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 children of Esqueda, in the state of Sonora.

The Cananea unit maintains the Cananea city public library, which is rated as the sixth in the state of Sonora. This library provides free Internet service and workshops for children. Similarly, the city Museum is maintained by Cananea. The museum exhibits objects, documents, historical documents and photographs, as well as 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.

These units develop sports 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 drought times. Similarly, when there are water supply problems, the Cananea unit supports the community with potable water pumping to the city's supply system.

PERUVIAN OPERATIONS

Southern Copper is identified with the socio-economic reality of the communities of the highlands of Moquegua and Tacna through

its policy of social responsibility that is undertaken, operatively, in the design and development of projects and programs of social investment. Our methodology of intervention prioritizes economic, social and financially viable projects that contribute to the sustainable development of these communities.

Our social performance in these communities is sustained on the philosophy of co-responsibility and co-participation, involving various institutions of the surroundings in the Agreed Plans of Development of the diverse local governments. It is through this modality that we act as a facilitator and participate in the greater bet of the localities of our surroundings localities for their sustainable development.

In 2006, SCC developed the following projects among others:

- **Water resource management:** In the valley of Torata (Moquegua), the study of the Torata Valley is being completed, it will determine the supply and real demand of water to prioritize and orient futures social projects. In addition, 50 gates were installed to optimize irrigation in the valley. We continue supporting the Torata User Board, logistically and technically so they can participate in local budgeting in Candarave (Tacna). This will benefit the districts of Cairani, Huanuara, Candarave and Quilahuani. We are also building and rehabilitating minor irrigation infrastructure in ten irrigation committees. In the valleys of Locumba and Ite, we are working on infrastructure of smaller irrigation projects.

The Company is concerned with the education and development of the community and gratuitously give sewing, manual works, first aid, computing, bakery and workshops, as well as informative sessions for health and environmental self-care, among others.

- **Agriculture:** In Candarave, potato and oregano seed areas were strengthened. There was built a storage facility for the production and commercialization of oregano sprouts, adding value to this product, in addition to other actions that promote their export. In Torata, we are supporting, in co-management with the municipality, the production and commercialization of products like avocado, oregano and apricot.
- **Cattle raising:** In Candarave, we continue supporting genetic improvement of sheep, and promoting cattle raising through an artificial insemination program. In Torata, we provide technical and animal health assistance. We created the Torata Alta Farming Producer Association and facilitated its entrance to the market of Moquegua, through their family farm programs for guinea pig raising. We also provide farming technical assistance in the Ilubaya Sector. In Suches, Huaytire, Santa Cruz, Quebrada Honda and Tacalaya, we are restarting the genetic research program with South American camelids in an integrated way. At the same time, we continue working in controlling sarcosistiosis and promoting sale of camelid meat. To do so, we have completed the construction of a slaughter area in Huaytire. In Higuera, (Ilubaya-Tacna), the reproducing guinea pig raising project was strengthen and we provide permanent technical assistance on animal health and cattle management through the different communities devoted to this field. In Arundaya (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 continue 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. In Higuera, we strengthened the guinea pig sale channel, and additionally, we have started an integral program with all our communities, developing a market study for farming products in Moquegua, Ilo and Tacna and a training program for rural enterprise management.
- **Basic infrastructure:** In the district of Huanuara (Candarave) the construction of a highway of 12 kilometers began and it will connect this district with its provincial capital. In the Huaytire alpaca producing zone, we continued building shelters, reproduction modules (for controlled population) and fences around paddocks, to facilitate the maximum use of pasture.
- **Capacity improvement:** Under an approach of appropriation of new technologies and skills with productive activities, plans of qualification for the formation of promoters in genetic improvement and animal health have been designed in ovine, bovine and camelids; qualification



of promoters in control of weeds, forage production and storage; qualification in production of potato seed and techniques of oregano sowing, as well as enterprise management.

By the end of 2006, mining companies agreed to annual voluntary contributions for the next five years, contingent upon metal prices remaining high (in our case the price of copper). As part of this program, known as "Mining Solidarity" ("Programa Minero de Solidaridad con el Pueblo"), the Company will contribute to improve equipment as well as infrastructure, and to strengthen educational and health services, which will be offered to populations in extreme poverty of the regions where we conduct our mining operations. Also, SCC will participate in nutrition and development of capabilities programs.

In urban areas, the Company carries out several programs for vocational training for young people at social risk, such as the one called "Sembrando Futuro". In 2006, these young people were qualified in handling and operation of heavy equipment in Ilo; while in Tacna, they were qualified in electricity, mechanics, and maintenance of various equipments. Young people, who obtained high qualifications, have a priority to be part of SCC in future projects.

In 2006, the results reached in the Company's Social Program were highly satisfactory and contributed to improve the social-productive conditions of the communities of our surroundings to elevate their living conditions and efficiently manage the relation between our Company and the neighboring areas.

SCC participates in the national celebrations of our neighboring towns as well as in social aid activities. Mexico



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▶ Results

NOUN {re-sults}

[1] Something that happens as a consequence; outcome.

[2] A favorable or concrete outcome or effect; profit: a pecuniary gain resulting from the employment of capital in any transaction.

2006 has been a remarkable year for SOUTHERN COPPER CORPORATION.

Sales reached \$5.460 billion and net earnings were \$2.038 billion, an increase of 33.5% and 45.6% respectively, as compared with 2005.



SALES: \$5,460 BILLION



EARNINGS: \$2,038 BILLION



INCREASE: 33.5% AND 45,6%

Results of Operations for the years ended

DECEMBER 31, 2006, 2005 AND 2004

SCC reported 2006 net earnings of \$2,037.6 million or diluted earnings of \$6.92 per share, compared with net earnings of \$1,400.1 million or diluted earnings of \$4.76 per share in 2005 and \$982.4 million or diluted earnings of \$3.34 per share in 2004.

The increase in the Company's results for 2006 is due mainly to increased metal prices, particularly for copper, zinc and silver, the price for molybdenum, however, was lower in 2006. The lower molybdenum price as well as decreases in the volume of copper, molybdenum and zinc sales reduced somewhat the increased 2006 earnings. Strikes at some of our Mexican operations were the principal reason for the lower volumes.

During 2006, the price of copper on the London Metal Exchange (LME) and the New York Commodity Exchange (COMEX) was \$3.05 and \$3.09 per pound of copper, respectively, compared to \$1.67 and \$1.68 in 2005.

The increase over the last three years in the price of molybdenum, has had a significant effect on the Company's traditional calculation of cash cost and its comparability between periods. Accordingly, the Company presents 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:

	2006	2005	2004
		(in cents per pound)	
Cash cost per pound of copper produced	0.152	0.030	0.182
Cash cost per pound of copper produced (without by-products revenue)	1.276	1.009	0.852

Net sales: Net sales in 2006 were \$5,460.2 million, compared with \$4,089.1 million in 2005 and \$3,096.7 million in 2004. Sales increased by \$1,371.1 million in 2006, a 33.5% increase over the previous year, mainly due to higher prices of copper, silver, and zinc, in spite of the lower volume of copper and molybdenum sold.

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

PRICE/VOLUME DATA	2006	2005	2004
Average Metal Prices			
Copper (per pound – LME)	\$ 3.05	\$ 1.67	\$ 1.30
Copper (per pound – COMEX)	\$ 3.09	\$ 1.68	\$ 1.29
Molybdenum (per pound)	\$ 24.38	\$ 31.05	\$ 15.95
Zinc (per pound – COMEX)	\$ 1.49	\$ 0.63	\$ 0.48
Silver (per ounce – COMEX)	\$ 11.54	\$ 7.32	\$ 6.68

SALES VOLUME (IN THOUSANDS)	2006	2005	2004
Copper (pounds)	1,386,199	1,540,043	1,564,549
Molybdenum (pounds) ⁽¹⁾	25,643	32,155	31,635
Zinc (pounds)	281,079	294,180	266,587
Plata (onzas)	19,776	19,750	20,211

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

Volume represents pounds of molybdenum contained in concentrates.



Cuajone Concentrator - Molybdenum Plant - Peru



Ilo Smelter Modernization -
Steam superheater - Peru

▶ Commitment

N O U N

{ com - mit - ment }

- [1] The act of committing, pledging, or engaging oneself.
- [2] The state of being bound emotionally or intellectually or legally to a course of action or to another person or persons.

The Peruvian government annually performs environmental audits to the mining and metallurgical operations of the company reviewing the environmental commitments and the compliance of legal requirements. This 2006, SOUTHERN COPPER CORPORATION fulfilled precisely the laws and regulations.



Cuajone Concentrator - Flotation cells
Peru

The Company has instituted extensive environmental conservation programs at its mining facilities in Mexico and Peru.

Environmental Affairs

MEXICAN OPERATIONS

The Company's operations are subject to applicable Mexican federal, state and municipal environmental laws, to Mexican official standards, and to regulations for the protection of the environment, including regulations relating to water supply, water quality, air quality, noise levels and hazardous and solid waste.

The main law applicable to the Company's Mexican operations is the federal Ley General del Equilibrio Ecologico y la Proteccion al Ambiente (the General Law of Ecological Balance and Environmental Protection, or the Environmental Law), which is enforced by the Procuraduria Federal de Proteccion al Ambiente (Federal Bureau of Environmental Protection or the PROFEPA). The PROFEPA monitors compliance with environmental legislation and enforces Mexican environmental laws, regulations and official standards and, if warranted, the PROFEPA may initiate administrative proceedings against companies that violate environmental laws, which in the most egregious cases may result in the temporary or permanent closing of non-complying facilities, the revocation of operating licenses and/or other sanctions or fines. Also, according to theCodigo Penal Federal (Federal Criminal Code), the PROFEPA must inform corresponding authorities regarding environmental non-compliance.

Mexican environmental regulations have become increasingly stringent over the last decade, and this trend is likely to continue and has been influenced by the environmental treaty entered into by Mexico, United States and Canada in connection with NAFTA in February 1999. However, the Company's management does not believe that continued compliance with the Environmental Law or Mexican State environmental laws will have a material adverse effect on the Company's business, properties, result of operations, financial con-

dition or prospects or will result in material capital expenditures. Although the Company believes that all of its facilities are in material compliance with applicable environmental, mining and other laws and regulations.

For the Company's Mexican operations, environmental capital expenditures were \$10.5 million and \$7.5 million in 2006 and 2005, respectively. Approximately \$3.9 million has been budgeted for environmental capital expenditures in 2007, to complete the current environmental programs in the Mexican operations.

The Company has instituted extensive environmental conservation programs at its mining facilities in Mexico and Peru. The Company's environmental programs include water recovery systems to conserve water and minimize impact on nearby streams, reforestation programs to stabilize the surfaces of the tailings dams and the implementation of scrubbing technology in the mines to reduce dust emissions.

IMMSA DIVISION

- At the zinc refinery located in the San Luis Potosi state, we requested the Environment and Natural Resources Secretariat (SEMARNAT), to start a procedure to declare the areas around the refinery as an "Intermediate Safeguard Zone" (ZIS). ZIS is defined as a safety area located within a land stretch that is a buffer between some establishments and nearby population centers.
- Environmental Improvement Plan was concluded; it is a commitment established by the Company with federal and state authorities, which reduced emissions from the San Luis Cobre Plant; as well as construction, rehabilitation and improvement of walking spaces, streets, gardens, drain-

age, paving and spaces for recreation of the Morales Pirules, Infonavit, Green Rustic and Stones colonies.

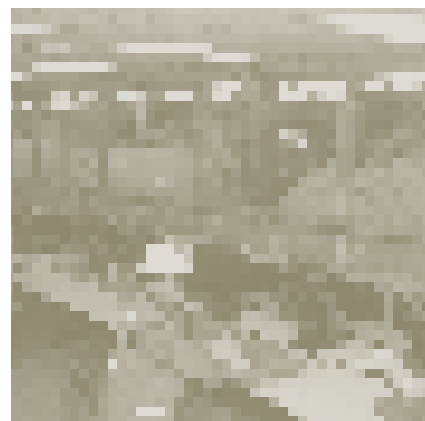
- In the state of San Luis Potosi, there is a tree nursery, from which more than 40,000 trees were distributed for the IMMSA division properties, as follows; employers and laborers division; community support; schools; the Environment and Natural Resources Secretariat and other governmental agencies.
- 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.

CANANEA AND LA CARIDAD

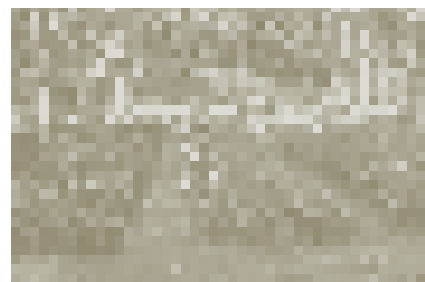
- In 2006, we started the "Clean Industry" certification process for the Cananea mine and La Caridad mine and the concentrator plants, as well as for hydrometallurgical and molybdenum plant at La Caridad. We also registered an Action Plan with the Federal Environment Protection Attorney's Office after 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 694,000 trees. The reforestation program is promoted by the National Forestry Commission (CONAFOR) and SCC is the largest contributors in the country.
- In the reforestation program, we continue linking municipalities within the mining

area of influence, around our units and plants. During 2006, 13 municipalities in the highlands of Sonora were reforested with 1,374,000 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.

- We got the "Clean Industry" certification from the Natural Gas Transportation System (Gasoducto Douglas - Nacozeni) facilities, within the Environmental Audit Program of the Federal Environment Protection Attorney's Office. Likewise, audits are being made 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 took part in the "Clean Community" programs by participating in talks given at primary and secondary schools and by handing out garbage collecting containers. These activities took place in 12 cities in 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 fauna in Baja California. The Reserve Management Plan was concluded for "El Arco", the Company received the authorization that permits mining activities.
- The recycling program of paper and cardboard (refreshments, water, milk, juice packages, etc.) promoted PET is going on. Receipts obtained are donated for social and assistant institutions that participate in this program.



Cuajone concentrator - Mills control room - Peru



Tree nursery at Mexicana de Cobre - Mexico

The Company's environmental programs include water recovery systems to conserve water and minimize impact on nearby streams, reforestation programs to stabilize the surfaces of the tailings dams and the implementation of scrubbing technology in the mines to reduce dust emissions.



Reforestation program in our mining operations - Mexico

- The Company participates in the Advisory Technical Council for protecting natural areas in Ajos Bavispe, in the north of the State of Sonora.
- The Company participates in a commission which promotes new environmental regulations, supervised by SEMARNAT.
- In November 2006, the Company signed an environmental commitment with CAMIMEX and the National Forest Commission for planting trees. SCC has a significant participation (85%) in this agreement.

PERUVIAN OPERATIONS

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 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 SCC 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 contained 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 were no longer active and needed to be reclaimed.

By the end of 2006, 32 of these projects were completed, including all PAMA commitments related to the Company's operations in Cuajone and Toquepala. The two pending PAMA projects were related to the Ilo smelter operations. The primary areas of environmental concern were the smelter reverberatory slag eroded from slag deposits up until 1994, and atmospheric emissions from the Ilo smelter.

PAMA commitments related to the slag remediation program and the smelter modernization project were both completed by January 31, 2007. With the completion of these projects SCC fulfilled its environmental commitments under the PAMA. With the smelter modernization project, the Company increased sulfur recapture over the 92% requirement established by the PAMA. The new smelter will maintain production at current levels and will use advanced technology to drastically reduce sulfur emissions, in order to achieve the main goal of the project.

A new stationary 17 meter high smelting furnace (IsaSmelt), with a nominal capacity to treat 165 tons of copper concentrate per hour has been installed as part of the modernization project. The furnace uses Isa technology which is successfully used throughout the world. Additionally, two rotary holding furnaces (RHF) have been installed to separate the slag. The matte (62% copper) from the RHF is then sent to Peirce-Smith converters to produce 99.3% pure copper. Two 400 ton anode furnaces receive the copper from the converters and with the use of two casting wheels 99.7% pure copper anodes are produced. Since January 2006, when the anode furnaces entered operation, blister copper production has been basically replaced by anode copper.

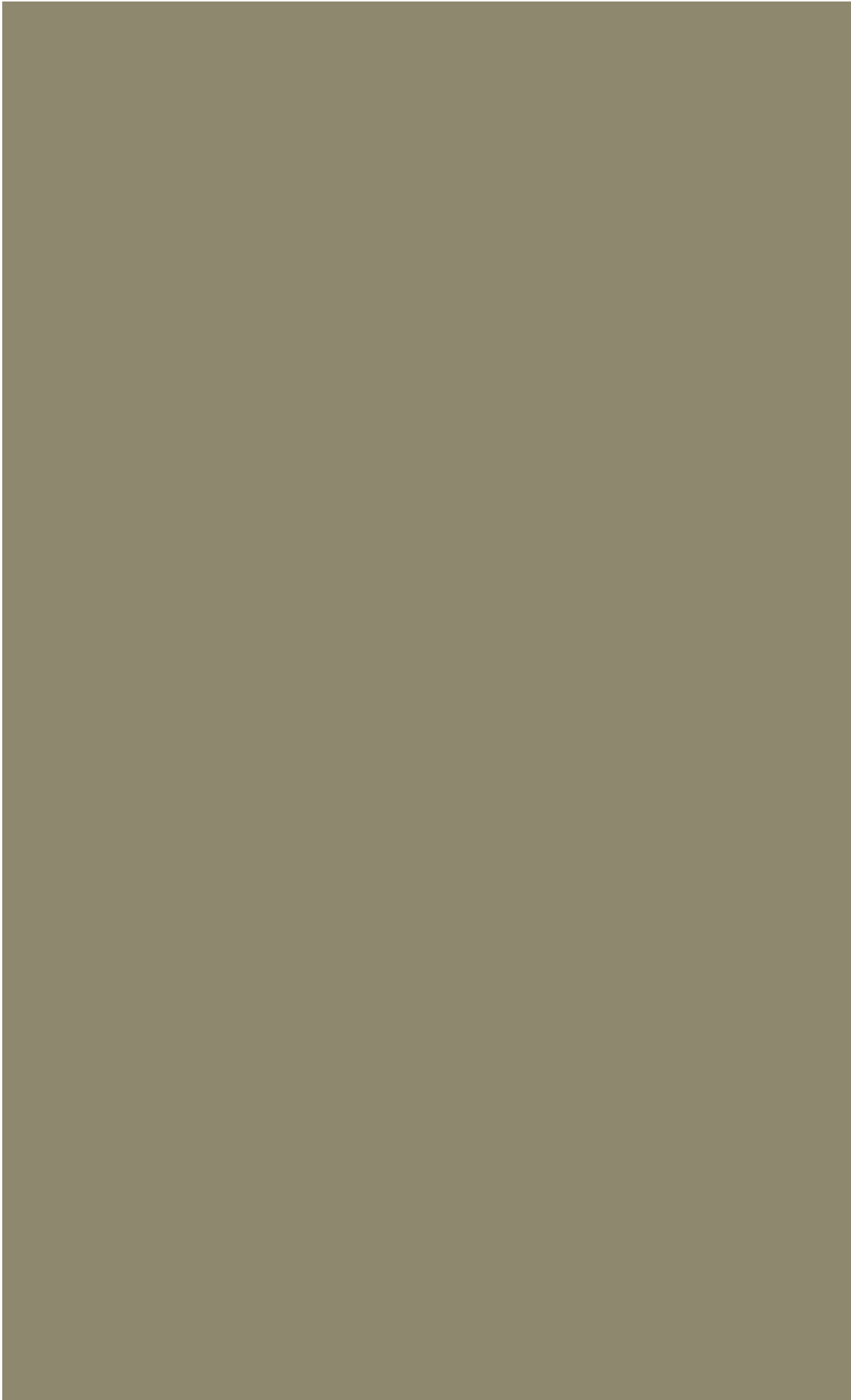
As part of the smelter modernization project a new 1000 ton per day oxygen plant as well as a new 800,000 tons per year sulfuric acid plant, two desalination plants, and two effluent treatment plants have been constructed.

Spending on this project through December 31, 2006 was \$549.4 million (which includes \$56.1 million of capitalized interest).

In 2003, the Peruvian Congress published a new law announcing future closure and remediation obligations for the mining industry. The law was amended in May 2004 and again in May 2005. The current modification establishes that mining companies submit their mine closure plans within one year of publication of final regulations. On August 16, 2005 final regulations were published and the Company initiated the preparation of the required mine closure plan. This plan, in its final form, will include the estimated cost required for the Peruvian operations, including cost at the Ilo smelter and refinery, tailings disposal, and the dismantling of the Toquepala and Cuajone concentrators, shops and auxiliary services.

As the law requires that the mine closure plan be prepared by an independent consulting entity, the Company engaged Walsh Peru S.A., a Peruvian subsidiary of Walsh Environmental Scientists and Engineers, Inc. (Boulder, Colorado), and the Mines Group Inc (Reno, Nevada) independent consulting entities to prepare the mine closure plan. The conceptual plan, without costs, was submitted to MEM in August 2006 and is subject to review by MEM for 45 days. After the MEM review (as of the end of February, 2007 this review is pending) the Company will have 90 days to prepare and resubmit the mine closure plan, including costs, which is then 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 believes the liability for these asset retirement obligations cannot currently be precisely measured, or estimated, until the Company has completed its final mine closure plan and is reasonably confident that it will be approved by MEM in most material respects. However, the Company has made a preliminary estimate of this liability and has recorded such amount in its financial statements. As of December 31, 2006, the Company has recorded \$5.8 million for this liability. The Company believes that this estimate should be viewed with caution, pending final approval of its mine closure plan, expected in 2007.

For the Company's Peruvian operations, environmental capital expenditures were \$169.9 million, \$234.6 million and \$65.6 million in 2006, 2005 and 2004, respectively. The Company expects to spend approximately \$40.5 million for environmental capital expenditures in 2007, for the completion of the Ilo smelter modernization project and thus completion of the Environmental Compliance and Management Program (PAMA).





► **General Information**

**Description of Operations
and Development**

REGARDING THE ISSUING ENTITY

MEMBERS OF THE BOARD OF DIRECTORS

General Information, Description of Operations and Development

INFORMATION RELATED TO ITS CONSTITUTION AND THEIR INSCRIPTION IN THE PUBLIC REGISTRY

See: "Brief historical review from the constitution of the Company" on page 39.

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 Mexico and Peru. We are the fourth mining company that trades on stock market in the world, based on our mining production of 2005. This is in agreement with the publication "Copper Industry and Markets Quarterly Information - October 2006 of CRU International."

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 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"), operates a copper 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 a copper 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") operates 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.

Our operations in Peru comprise mining, milling and flotation of minerals to produce copper and molybdenum concentrates. The smelting of copper concentrates produces copper anodes which are treated in the refinery to produce cathodes. As part of this production, we also produce significant amounts of molybdenum and silver. SCC also produces copper cathodes by using 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 at Toquepala and Cuajone, in the city of Ilo, Peru.

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

ECONOMIC GROUP

SCC, indirectly, makes part of "Grupo Mexico S.A.B. de C.V." which owns 75.1% of its shares.

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
4 Mexico Constructora Industrial	Mexico		99.98
RAILROAD ACTIVITIES			
5 Infraestructura y Transportes Mexico, S.A. de C. V.	Mexico		75.0
6 Grupo Ferroviario Mexicano, S.A. de C.V.	Mexico		74.0
7 Ferrocarril Mexicano S.A. de C.V.	Mexico		100.0
8 Ferro Sur S.A. de C.V.	México		100.0
9 Texas-Pacífico	E.E.U.U.		100.0
10 Intermodal Mexico, S.A. de C.V.	Mexico		100.0
MINING ACTIVITIES			
11 Americas Mining Corporation ("AMC")	EE.UU.		99.99
12 ASARCO USA Inc.	EE.UU.		100.0
13 Southern Copper Corporation (SCC)	EE.UU.		75.1
14 Americas Sales Company, Inc.	EE.UU.	√	100.0
15 Minera Mexico, S. A. de C. V.	Mexico		99.95
16 SDG Mexico Apoyo Administrativo, S.A. de C.V.	Mexico		100.0
17 Industrial Minera Mexico, S.A. de C. V.	Mexico		99.99
18 Mexicana de Cananea, S.A. de C. V.	Mexico		99.99
19 Mexicana de Cobre, S.A. de C. V.	Mexico		99.97
20 Mexicana del Arco, S.A. de C.V.	Mexico		100.0
21 Mexico Compañía Inmobiliaria, S.A.	Mexico		100.0
22 Minerales Metalicos del Norte, S.A.	Mexico		100.0
23 Minera Mexico Internacional, Incorporated	EE.UU.		100.0
24 Servicios de Apoyo Administrativo, S.A. de C.V.	Mexico		100.0
25 Western Copper Supplies	EE.UU.		100.0
26 Global Natural Resources, Inc.	EE.UU.		100.0
27 Logistics Services Incorporated (LSI)	EE.UU.		100.0
28 Multimines Corporation	EE.UU.		100.0
29 Southern Peru Limited	EE.UU.		100.0
30 Southern Peru Copper Corporation, Chile Agency	Chile		100.0
31 Southern Peru Copper Corporation, Sucursal del Peru	Peru		99.29 ¹
32 Compañía Minera Los Tolmos, S.A.	Peru	√	97.31

NOTE:

1.- Includes 82.69% of patrimony and 16.60% of investment shares.

CORPORATE CAPITAL AND COMMON STOCK	SHARES
The authorized number of shares are	320,000,000
Issues an Paid Capital: Common Shares	294,461,250
Nominal Value of Common Shares	\$0.01

TOTAL NUMBER AND PERCENT OF SHARES	SHARES	INTEREST
Americas Mining Corporation	221,113,178	75.1%
Common Shares	73,348,072	24.9%
Total	294,461,250	100.0%

AUTHORIZATIONS OBTAINED FOR THE DEVELOPMENT OF THE BUSINESS

MEXICAN OPERATIONS

LA CARIDAD MINE

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

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

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

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

LA CARIDAD METALLURGIC COMPLEX

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

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

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

"La Caridad Refinery" expanded its capacity in January 1998, to 822 tons of cathode copper per day.

"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.

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

"La Caridad Wire Rod Plant" expanded its capacity in March 2000 to 411 tons of wire rods per day.



Ilo Smelter - Anodes plant, control panel - Peru

CANANEA MINE

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

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

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

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

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

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

UNDERGROUND MINES

1- The Santa Barbara Unit has milling capacity of 6,000 tons of ore per day.

2- The Santa Eulalia Unit has a milling capacity of 1,500 tons of ore per day.

3- The San Martin Unit has a milling capacity of 4,400 tons of ore per day.

4- The Charcas Unit has a milling capacity of

4,000 tons of ore per day.

5- The Taxco Unit has a milling capacity of 3,300 tons per day.

6- The Coahuila Unit has a flushing capacity of 3,600 tons per day.

7- The Zinc Refinery has capacity to produce 285 refined zinc tons per day.

8- The San Luis Potosi Copper Smelter has a production capacity of 66 blister copper tons per day.

PERUVIAN OPERATIONS

TOQUEPALA MINE

Toquepala Concentrator: Authorized by Directorial Resolution No.455-91-EM/DGM/DCM dated July 5, 1991 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 de Minería" 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 de Minería" authorized the expansion of the Toquepala Concentrator to a capacity of 60,000 TM/Day.

Toquepala Leaching Plant (SX/EW): Authorized by Directorial Resolution No. 166-96-EM/DGM dated May 7, 1996 approved the operation of the Toquepala SX/EW Plant. The resolution granted 60 hectares of surface land and authorized a throughput of 11,850 Tons/Day, equivalent to 35,629 Tons/year of cathodes.

Based on Report No. 663-98-EM/DGM/DPDM dated November 10, 1998 the "Director General de Minería" authorized the expansion of the Toquepala SX/EW Plant to a 18,737 Metric Tons/Day throughput equivalent to 56,336 Tons/year of cathodes.

CUAJONE MINE

Botiflaca Concentrator in Cuajone: Authorized by Directorial Resolution No. 150-81-EM/DCM dated August 14, 1981 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 Gen-

eral de Minería" authorized the expansion of the Cuajone Concentrator to a 87,000 Metric Tons/Day throughput.

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

ILO METALLURGIC COMPLEX

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

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

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

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

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

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

"Coquina Wash Plant and Sea shell Concentrates" authorized to operate by Directorial Resolution N° 110-93-EM/DGM of August 3, 1993. The plant processes 2068MT/day of raw material (coquina) recovered from nearby mines. Seashell is produced separating sand and other materials from the coquina using sea water washing screens.

DESCRIPTION OF OPERATIONS AND DEVELOPMENT REGARDING THE ISSUING ENTITY

PURPOSE

The purpose of Southern 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 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 OF 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 ("SPCC"), 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 N° 03025091 of the Juridical People of the Registry Office of Lima and Callao.

ACTIONS FOLLOWING THE COMPANY'S INCORPORATION:

Capital increase:

By Public Deed dated May 31, 1995, signed before notary public of Lima, Dr. Carlos A. Sotomayor Bernos, 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:

On September 7, 1995, "Southern Peru 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 owns all of Southern Peru Copper Corporation's shares, and 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 the Labor Shares (today Investment Shares).

On December 31, 1995, Southern Peru Cop-

per Corporation changed its corporate name for "Southern Peru Limited", and "Southern Peru 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 Net Worth Share Account (investment shares), which were kept unchanged.

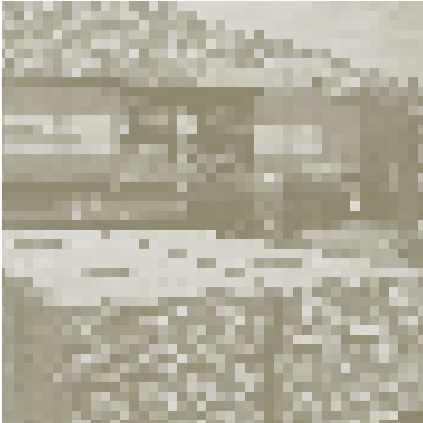
As a consequence of the merger, the mining activities of the corporation in Peru were again carried out under the name of Southern Peru Copper Corporation, Peru Branch, or the abbreviated name of "Southern Peru" and/or the acronym SPCC.

Change of Economic Group:

In November 1999, Grupo Mexico S.A.B. de C. V., a firm incorporated pursuant to the Laws of the Republic of Mexico, acquired in the United States 100% of ASARCO Incorporated, 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, ap-



Toquepala - LSXEW cathodes ready for shipment
Peru

proved 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 stock outstanding and circulating 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 54.2% to approximately 75.1%.

Change in the Certificate of Incorporation:

On March 28, 2005, following the Board of Director's recommendations, SCC shareholders approved in an extraordinary meeting the amendments to the Deed 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 Appointment 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 in the Board at any time shall equal (a) the total number of directors in 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 nearest whole number. Notwithstanding the abovementioned, the total number of people appointed as special independent directors (not belonging to Grupo Mexico) cannot be less than two or more than six.

Special Appointment Committee:

To appoint persons as candidates for the election of special independent directors and to cover special independent directors vacancies, the amendment requires the Company to appoint a Special Appointment Committee. The Special Appointment 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 Appointees") and any other director, who was initially Mr. Oscar Gonzalez Rocha and is now Mr. Xavier Garcia de Quevedo Topete, as appointed by the Board or (the "Person Appointed by the Board"). The Person Appointed by the Board will be annually selected by the Board. The Special Appointees will be annually selected by the members of the Board who are special independent directors or Initial Directors. Only the special independent directors can cover vacancies in the Special Appointment Committee. Any member of the Special Appointment Committee can be removed at any time by the Board with justified cause. The unanimous vote of all the members in the Special Appointment Committee will be necessary to adopt any agreement or to take any action.

Notwithstanding the abovementioned, the power of the Special Appointment Committee to name special independent directors is subject to the shareholders right to appoint pursuant to the by-laws.

The amendment provisions referring to the special independent directors may be modified only with the favorable vote of a majority most of the Common Shareholders (calculated without ap-

plying qualified majority voting right) that are not Grupo Mexico and its affiliates.

Transactions with affiliates:

Amendments to the Certificate also prohibit the Company to engage in material 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 in which Common Shares are listed) independence regulations. A material transaction of the affiliate is defined as a material transaction, commercial negotiation or financial share 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 to 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 Articles of Incorporation Deed to the Secretary of State in the State of Delaware, and it came into effect as from 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 by Minera Mexico and the latter'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 to remove extraneous 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 established from time to time following agreement of a majority of Board members, provided the number of directors will not be less than six or more than fifteen.

The 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 the headquarters corporate name should comprise the corresponding 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 proceeds 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 Bylaws:

On January 26, 2006, the Board approved amendment to Southern Copper Corporation's bylaws (i) aiming at removing the provisions related to the Class A Common Shares.(ii) adding a new provision for advance notice to shareholders seeking to nominate directors or

to propose other business at annual or special meetings of the Common Stockholders (as applicable) (iii) substitute Grupo Mexico for ASARCO Incorporated in the "Change in control" definition in the Corporation's by-laws and (iv) eliminate the 80% supermajority vote requirement for certain corporate actions.

The modification of the Modified Certificate of Incorporation increased the capital stock from 167,207,640 shares to 320,000,000 shares. These modifications were submitted for approval of the shareholders at the shareholders annual meeting held on April 27, 2006 which was adjourned and reconvened for May 4, 2006, and later on adjourned and reconvened for May 11, 2006.

At the annual meeting, on April 27, 2006, the proposal to amend the by-laws to eliminate certain extraneous provisions relating to the retired series of Class A Common Stock had an affirmative vote of 79.85% of the required votes. Because the required vote for the approval of this proposal was 80% and because there were still votes that needed to be tabulated, the annual meeting for this proposal was adjourned until May 4, 2006. On May 4, 2006, at the adjourned and reconvened meeting the stockholders approved the proposal with an affirmative vote of 80.61% of the required votes.

On April 27, 2006, stockholders approved (i) the amendment to the by-laws to introduce a new provision for advance notice to shareholders seeking to nominate directors or to propose other business at annual or special meetings of the Common Stockholders (as applicable); (ii) the amendment to the by-laws to substitute Grupo Mexico for ASARCO Incorporated in the "Change in control" definition in the Corporation's by-laws; (iii) the amendments to the Amended and Restated Certificate of Incorporation to increase the number of shares of Common Stock, which the Corporation is authorized to issue from 167,207,640 shares to 320,000,000 shares;

and (iv) the selection of the independent accountants.

On April 27, 2006, the proposal to amend the by-laws to eliminate the 80% supermajority vote requirement for certain corporate actions had received preliminary votes, representing an affirmative vote of 78.35% of the required votes. Because the required vote for the approval of this proposal was 80% and because there were still votes that needed to be tabulated, the annual meeting for this proposal was adjourned first until May 4, 2006, and subsequently until May 11, 2006. On May 11, 2006, at the adjourned and reconvened meeting stockholders did not approve the proposal having received an affirmative vote of 79.61% of the required votes.

SCC is indirectly, part of Grupo Mexico S.A.B. de C.V. which 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 10.

Relationship between the Issuer and the Government

On November 20th, 1996, SCC and the Peruvian Government (Ministry of Energy and Mines) signed a contract that will remain effective until the year 2010 and 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 the Solvent Extraction (SX) operation in Cuajone. 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 to the exterior, 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:

MEXICANS OPERATIONS

On February 19, 2006, a gas explosion took place at the Pasta de Conchos coal mine, a subsidiary of Industrial Minera Mexico, in the San Juan Sabinas municipality in the state of Coahuila. Regrettably, the explosion caused the death of 65 miners. The Company reiterates its commitment to continue its support for the families of the dead miners.

PERUVIAN OPERATIONS

In 2006, the open pit operations at the mines of Toquepala and Cuajone, as well as operations at the Ilo metallurgical complex that includes our smelter and refinery, performed

as expected, and maintained good statistical results of safety, very similar to the previous year.

GENERIC DESCRIPTION OF MAIN ASSETS

MEXICAN OPERATIONS

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 tons per day, consists of 2 primary crushers, 4 secondary crushers, 10 tertiary crushers, 10 primary mills, distributed control system, 5 mills for re-grinding, 103 primary flotation cells, 10 column cells, 70 exhaustion flotation cells, 7 thickener, 1 drum filter and, 3 ceramic filters.
3. There are 45 trucks for ore hauling with individual capacities that go from 240 to 360 tons.
4. For ore loading there are 9 shovels with individual capacities that go from 39 to 70 cubic yards.
5. The mine auxiliary equipment has 8 drillers, 5 front loaders, 5 motor graders and 25 tractors.
6. In the Solvents Extraction and Electro-winning (SX/EW) I and II plants of Cananea, breaker system no.1 with a capacity

of 32,000 tons per day and a 120" plate feeder, a 54" x 79" breaker, belt feeder, a 7 conveyor belt system and a distributor car. system No.2 with a capacity of 48,000 tons per day and a 60"x89" breaker, a 78" belt feeder, 3 conveyor belt systems 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 52 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 216 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 71 mining concession titles with a total area of 112,369 hectares.
2. La Caridad concentrator plant with a milling capacity of 90,000 tons per day consists of 2 primary crushers, 6 secondary crushers, 12 tertiary crushers, 12 ball mills, a master milling control system, 140 primary flotation cells, 4 re-milling mills, 96 flushing flotation cells, 6 thickener and 6 drum filters.
3. There are 32 trucks for ore hauling with individual capacity that go from 17 to 40 cubic yards.

4. For salvage ore and ore loading there are 8 Shovels with individual capacities that go from 22 to 52 tons.
5. As for mine ancillary equipment there are 8 drillers, 2 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 PLS – pregnant rich solution, a pile of heads that permits to combine the solutions of both dam 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/h, and 94 electrowinning cells distributed in one single electrolytic bay. The plant has a daily production capacity of 62 copper cathodes tons with 99.999% purity.
7. Lime plant, located in the Aguaprieta city in the State of Sonora, with a production capacity of 132,000 tons per year.

LA CARIDAD METALLURGIC COMPLEX

1. La Caridad copper smelter work 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 kiln, and "El Teniente" modified converted kiln, 2 electric kilns for the cleaning of slag, 3 peirce smith type converters, 3 raffinate kilns and 2 molding systems.

2. La Caridad copper refinery working 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 flushing machine.
3. La Caridad precious metal refinery work plant has a hydrometallurgic stage and a pyrometallurgic stage, besides a steam drier, Dore molding system, Kaldo kiln, 20 electrolytic cells in silver refinery, induction kiln for silver, silver ingot molding system, and 2 reactors for obtaining fine gold.
4. La Caridad wire rod transformation plant has a production capacity of 150,000 annual tons of copper wire rod, an it consists in an ASARCO vertical furnace, retention furnace, a molding machine, a laminating machine, a coiling machine and a coil compacter.
5. Two sulfuric acid plants, the first with an annual capacity of 2,625 tons sulfuric acid production at 100%, and the second one with a 2,135 tons sulfuric acid production capacity at 100%.
6. Three oxygen plants, two with a capacity of 200,000 tons per year and the third one with a capacity of 100,000 tons per year.

7. Two power turbogenerators that profit from the kiln residual heat, the first with an 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 367 mining concession titles with a total area of 77,633 hectares.
2. The Santa Barbara mining unit has 13 jumbo drilling equipments, and 2 Simba drilling equipments, 34 Scoop Tram types equipment for mucking and loading, 9 trucks and 6 locomotives for ore internal haulage, 5 907 tons trucks for external haulage and 7 winches. 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 types drilling equipments, 16 Scoop tram type equipments for mucking and loading, 5 trucks and 4 locomotive for ore internal haulage and 3 winches. for treating the ore, there are 2 primary breakers, one secondary, one tertiary, 4 mills and 3 flotation circuits. the unit's concentrator plant has a milling capacity of 4,100 daily ore tons.
4. In the San Martin mining unit, there are 9 Jumbo type drilling equipments, and one Simba type drilling equipment, 14 Scoop Tram type equipments for mucking and loading, 13 trucks for ore internal 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 ore internal haulage and 3 winches. For treating the ore, there are 2 primary breakers, 3 secondary, 3 mills and 2 flotation circuits. The unit's concentrator plant has a milling capacity of 2,000 tons of ore per day.
6. In the Santa Eulalia unit, there are 5 jumbo type drilling equipment, 9 scoop tram type equipment for mucking and loading, 2 trucks and, 4 winches, 2 primary breakers, 2 mill breakers, 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 miners, 6 transporting cars, 2 locomotives, 1 long front equipment and a cutting machine. there is also a winch to transport materials inside the unit. there is a breaker on surface to feed the flushing plant. there is a set of 21 kilns for coking, with a capacity of 100,000 coke tons per year. There is a byproduct 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 byproducts plant.
8. The electrolytic zinc refinery carries out its activities with a roaster with a capacity of 85 m² of roasting area, a steam recovery boiler and 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, 30 dump cars, and 6 mechanic front loaders. for smelting and conversion it has 3 bucket kilns, 2 converter kilns, 2 molding kilns, 6 electric front loaders, 6 towing units, 3 narrow way locomotives, 2 bridge cranes, 2 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.

PERUVIAN OPERATIONS

TOQUEPALA

1. The Toquepala production unit comprises three Economic Administrative Units: TOQUEPALA 1 comprising 24 mining claims over a 6,012 hectare surface. SIMARRONA including 14 mining claims over 5,516 hectares, and TOTORAL with 21 mining claims distributed over 4,926 hectares. In addition, the Toquepala production unit owns 41 mining claims over 26,245 hectares outside the above economic administrative units.

Overall the Toquepala production unit holds 100 mining claims over 42,699 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 mills 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. in the molybdenum plant, equipments are as follow: 35 INERTGAS MOD. 66-D, EINCO (100 p3), 42 cells AGITAIR de 1.13 m³, 4 column cells y 1 LAROX filter presses (PF6).

3. 13 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, 6 trucks TITAN 2200 each one with a capacity of 181 tm.

4. 3 P&H 4100A shovels with a capacity of 73 tm (42.8 m³), 1 P&H 4100A shovels with a capacity of 78 tm (45.9 m³), 3 P&H 2100BL shovels with a capacity of 20 tons (11.5 m³), 1 BUCYRUS 495BI shovel with a capacity of 73 tons (42.8 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 37 tm (21.4 m³) capacity.

CUAJONE

1. The Cuajone production unit comprises two Economic Administrative Units: CUAJONE 1, comprising 22 mining claims over 7,249 hectares; and COCOTEA with 17 mining claims over 7,080 hectares. Additionally the Cuajone production unit with 21 mining claims over 8,834 hectares outside the above two economic administrative units. Overall, the Cuajone production unit comprises 60 mining claims over a total 23,163 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. 6 trucks KOMATSU 930E each one with a capacity of 290 tm, 20 trucks DRESSER 830E each one with a capacity of 218 ton and 8 trucks CAT 793C trucks each one with a capacity of 231 ton.

4. 2 P&H 4100A shovels with a capacity of 73 tons (42.8 m³), 1 BUCYRUS electric shovels 495BII with a capacity of 73 tons (42.8 m³), 1 P&H 2800XPB shovel with a capacity of 54 tons, 1 P&H 2100BL shovel with a capacity of 23 ton (11.4 m³), 1 front-end loader LE TOURNEAU 1800, 2 electric drills P&H 120A, 1 P&H 100XP electric drill, 1 BUCYRUS 49R electric drill, 6 front end loaders CAT 966 of 3.8 m³ of capacity, 1 front end loaders CAT 950 of 3.1 m³ of capacity, 2 front end loaders CAT 988 of 6.1 m³ of capacity, 4 wheel tractor CAT-824, 1 wheel tractor CAT-834, 1 wheel tractor CAT 844, 1 wheel tractor KOMATSU WD600, 7 dozers CAT-D10, 1 dozer CAT-D9, 3 motograders CAT-16H, 1 motograders CAT-24H.

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 HP-500 (390 tm/H), to process Cuajone's oxides. In addition, 1 agglomeration mill, 2 front end loaders, 3 trucks each with a capacity of 109 tons for agglomerated ore hauling to the leach dumps. Copper in solution produced in Cuajone is sent to Toque-

pala 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 ponds, each with its own pumping system to send the solution to the SX/EW Plant. The plant has 3 lines of SX, each with a nominal capacity of 1,068 m³ / h of pregnant solution and 162 electrowinning cells arranged in two lines, one with 122 cells and the other with 40. Electrowinning (EW) has four (4) rectifiers with a capacity of 23,000 Amps each one, those rectifiers give enough current to transform ionic copper from the electrolyte to placed solid copper.

ILO METALLURGIC COMPLEX

- 1 Ilo Smelter with a smelting capacity of 1,120,000 tons of concentrate per year, has two reverberatory furnaces, 7 Peirce-Smith converters, 1 "El Teniente" 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 cupel furnace, 22 silver refining cells and 1 hydrometallurgical system for gold recovery.
- 3 Sulfuric acid plant with production capacity of 300,000 tons per year. (average 1,000 x day).
- 4 Oxygen plant with a production capacity of 100,000 tons per year (average 272 x day).
- 5 Coquina plant with a production capacity of 200,000 tons per year of seashells.
- 6 Burnt Lime plant with a capacity of 80,000 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 and 5 patrol cars.

EMPLOYEES:

MEXICAN OPERATIONS					
At December 31	2006	2005	2004	2003	2002
Employees	2,146	2,264	2,255	2,328	2,353
Workers	6,444	7,049	6,985	6,819	6,786
Total	8,590	9,313	9,240	9,147	9,139

PERUVIAN OPERATIONS					
At December 31	2006	2005	2004	2003	2002
Staff	764	756	723	726	724
Employees	1,075	1,079	1,081	1,089	1,075
Workers	1,715	1,730	1,740	1,751	1,776
Total	3,554	3,565	3,544	3,566	3,575

CHILEAN OPERATIONS					
At December 31	2006	2005	2004	2003	2002
Total	10	10	10	0	0

TOTAL EMPLOYEES IN SCC:					
At December 31	2006	2005	2004	2003	2002
Total Mexico	8,654	9,313	9,240	9,147	9,139
Total Peru	3,554	3,565	3,544	3,566	3,575
Total Chile	10	10	10	0	0
Total	12,218	12,888	12,794	12,713	12,714



Cuajone mine - Drilling operations - Peru

PRINCIPLES OF CORPORATE GOVERNANCE

I. GENERAL MANAGEMENT

RESOLUTIONS CONASEV

N° 096-2003-EF/94.11 y

N° 140-2005-EF/94.11

The information referred to both resolutions will be submitted to the National Commission for Corporate and Securities Supervision (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 Stockholder's Equity of the Issuing Entity.

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

ADMINISTRATIVE JUDICIAL OR ARBITRATION PROCESSES

Litigation: See Note to Consolidated Financial Statements.

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

Jose N. Chirinos acts as Director of Comptroller and Finance and Marco A. Garcia acts as Finance Manager.

INFORMATION RELATED TO THE STOCK TRADED ON THE PUBLIC STOCK MARKET

COMMON STOCK

On November 29, 1995 the Company offered to exchange the recently issued common shares for all and any labor shares of the Peruvian Branch of the Company, at a ratio of one common share per four S-1 shares and one common share per five S-2 shares. The exchange expired on December 29, 1995, with 80.8% of the total labor shares outstanding exchanged for 22,959,334 common shares. These common shares are quoted 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), 134,415,280 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.

On August 30, 2006 the Executive Committee of the Board of Directors declared a two-for-one split of the Company's outstanding common stock. On October 2, 2006 common

shareholders of record at the close of business on September 15, 2006, received one additional share of common stock for every share owned. The Company's common stock began trading at its post-split price on October 3, 2006. The split increased the number of shares outstanding to 294,460,850 from 147,230,425. All share and per share amounts have been retroactively adjusted to reflect the stock split.

Consequently, as from December 31, 2006, 294,461,250 common shares of the Company were under circulation with a nominal value of \$0.01 per share.

CORPORATE BONDS

On May 9, 2006, SCC issued \$400 million 7.5% Notes due 2035. 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 relat-

ing 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 financing, noted above, were used to repay this facility.

In 1998, Minera Mexico 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 2006 and 2005, the Company repurchased \$23.3 million and \$143.0 million of the Series A bonds, respectively. 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 5.35% at December 31, 2006). 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 Mexico'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, 2006, 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 Comision Nacional Supervisor de Empresas y Valores (CONASEV) to issue additional bonds.

We expect that we will meet our cash requirements for 2007 and beyond from internally generated funds, cash on hand and from additional external financing if required.

Members of the Board of Directors

AT DECEMBER 31, 2006

GERMAN LARREA MOTA-VELASCO

Director. Mr. Larrea has been Chairman of the Board since December 1999. He has been Chairman of the Board of Directors, President and Chief Executive Officer of Grupo Mexico S. A. B. de C. V. (holding) since 1994. Mr. Larrea has been Chairman of the Board of Directors and Chief Executive Officer of Grupo Ferroviario Mexicano (railroad division) since 1997. Mr. Larrea was previously Executive Vice Chairman of Grupo Mexico S. A. B. de C. V., and has been member of the Board of Directors since 1981. 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.

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 S. A. B. de C. V. 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 S. A. B. de C. V. 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, Grupo Posadas, S.A. de C.V., and Grupo Mexico S. A. B. de C. V. and subsidiaries. He is a 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, Grupo Mexico S. A. B. de C. V. since 2003, and Grupo Posadas since 2006. Except

for Bank of Tokyo—Mitsubishi (Mexico), S.A., and Gasoductos de Chihuahua, 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.

ALFREDO CASAR PEREZ

Director. Mr. Casar Perez has been a director since October 26, 2006. He has been a member of the Board of Directors of Grupo Mexico S. A. B. de C. V. since 1997. He is also member of the Board of Directors of Ferrocarril Mexicano, S.A. de C.V., an affiliated company of Grupo Mexico S. A. B. de C. V., since 1998 and its Chief Executive Officer since 1999. From 1992 to 1999, Mr. Casar served as Chief Executive Officer and Member of the Board of Directors of Cia. Perforadora Mexico and Mexico Compañía Constructora, two affiliated companies of Grupo Mexico S. A. B. de C. V.

Mr. Casar served as Project Director of ISEFI, a subsidiary of Banco Internacional in 1991 and Executive Vice President of Grupo Costamex in 1985. Mr. Casar also worked for Bufete Inmobiliario, Secretaria de Agricultura and El Colegio de Mexico. Mr. Casar holds a degree in Economics from the Autonomous Technological Institute of Mexico, ITAM, and one in Industrial Engineering from the Anahuac University. He also holds a Master in Economics from the University of Chicago.

JAIME F. COLLAZO GONZALEZ

Director. Mr. Collazo Gonzalez 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 S. A. B. de C. V. 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. since September 2001 to date. He was President of Grupo Ferroviario Mexicano, S.A. de C.V. and of Ferrocarril Mexicano, S.A. de C.V. from December 1997 to December 1999, and Managing Director of Exploration and Development of Grupo Mexico, S. A. B. de C. V. from 1994 to 1997. He has been a Director of Grupo Mexico S. A. B. de C. V. since April 2002. Mr. Garcia de Quevedo is the Chairman of the Mining Chamber of Mexico.

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 the Mining Division of Grupo Mexico S. A. B. de C. V. ("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. A. B. de C. V.'s Treasury and Investor Relations departments from 1999 to 2001. Prior to joining Grupo Mexico S. A. B. de C. V., 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 S. A. B. de C. V.

from 1994 to August 30, 2001, and has been a director of Grupo Mexico S. A. B. de C. V. 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 was General Counsel of Grupo Mexico S. A. B. de C. V. from May 2001 to February 2007. 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. He is 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 was Chief Executive Officer of Corporacion Geo S. A. de C. V. from February 2006 to February 2007. Mr. Perezalonso was the Chief Executive Officer of Aeromexico (Aerovias de Mexico, S.A. de C.V.) from 2004 until December 2005. 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. 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 Corporacion Geo S. A. de C. V., 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. Rebollo has been a director of the Company since May 30, 2003. Mr. Rebollo has been International Vice President of Grupo Mexico S. A. B. de C. V. 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. Rebollo holds a law degree from the National Autonomous University of Mexico, an MA in philosophy from Tulane University, and an LLM from Harvard Law School.

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
PRESIDENT AND CHIEF EXECUTIVE OFFICER

Eduardo Gonzalez Felix
VICE-PRESIDENT, FINANCE

Armando Ortega Gomez
VICE-PRESIDENT, LEGAL AND SECRETARY

Mario Vinageras Barroso
VICE-PRESIDENT, COMMERCIAL

Vidal Muhech Dip
VICE-PRESIDENT, PROJECTS

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. We have four special independent directors nominated by the Special Nominating Committee, Messrs. Harold S. Handelsman, Luis Miguel Palomino Bonilla, Gilberto Perezalonso Cifuentes, and Carlos Ruiz Sacristan. Mr. Emilio Carrillo Gamboa is our fifth independent director. At its meeting on January 25, 2007, the Board of Directors determined that Messrs. Harold S. Handelsman, Luis Miguel Palomino Bonilla, Gilberto Perezalonso Cifuentes, Carlos Ruiz Sacristan and Emilio Carrillo Gamboa are independent of management in accordance with the requirements of the NYSE as such requirements are interpreted by our 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

SPCC'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 which the Board would have 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 independence 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 affidavit 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) **Special Committee Nominees** comprised of 2 independent Board members and, one nominated by the Board; its principal objective is to promote and evaluate people who are proposed as Special and Independent Directors.
- 5) **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.
- 6) **Administrative Committee** Designated by the Board for (Employee Retirement Income Security Act – ERISA - USA) Benefits Plans. The Vice-President, Finance and Chief Financial Officer is the Board-appointed Trustee for the Company's Benefits Plans subject to US regulations, including ERISA. This Officer will appoint an Administrative Committee comprised of four management members whose purpose is to administrate and manage those plans and to oversee the performance of the trust agents and others charged with investing the plans' monies.

ADMINISTRATION AND BOARD INCOME

Total 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 26, 2007 at 9:00 hours. Mexico D.F. time, at Avenue Baja California N° 200, Fifth Floor, Colonia Roma Sur, Mexico City, Mexico.

CORPORATE OFFICES

United States

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Peru

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Lima 33, Peru
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Fax +(511) 512-0486

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 quoted in the Lima Stock Exchange under the symbol 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 51 (1) 348-5999, Fax 511-349-0592.

OTHER CORPORATE INFORMATION

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

SOUTHERN COPPER CORPORATION

11811 North Tatum Blvd., Suite 2500, Phoenix, AZ 85028, U.S.A.,
Phone: (602) 494-5328, Fax: (602) 494-5317. NYSE Symbol: PCU.

Avenida Caminos del Inca 171 (B-2), Chacarilla del Estanque, Santiago de Surco –
Lima 33 - Peru./ Phone: +(511) 512-0440, Extension 3354, Fax: +(511) 512-0486.
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 attached Form 10-K contains 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 these Annual Report.

The Company has filed with the NYSE the 2006 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 2006 Form 10-K. The Company anticipates filing on a timely basis, the 2007 NYSE certification.

MEMBERS OF THE BOARD OF DIRECTORS

German Larrea Mota-Velasco
CHAIRMAN

Emilio Carrillo Gamboa

Alfredo Casar Perez

Jaime Fernando Collazo Gonzalez

Xavier Garcia de Quevedo Topete

Eduardo Gonzalez Felix

Oscar Gonzalez Rocha

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

Oscar Gonzalez Rocha
PRESIDENT AND CHIEF EXECUTIVE OFFICER

Xavier Garcia de Quevedo Topete
PRESIDENT AND CHIEF EXECUTIVE OFFICER

Eduardo Gonzalez Felix
VICE-PRESIDENT, FINANCE

Armando Ortega
VICE-PRESIDENT, LEGAL AND SECRETARY

Mario Vinageras Barroso
VICE-PRESIDENT COMMERCIAL

Vidal Muhech Dip
VICE-PRESIDENT, PROJECTS

Jose N. Chirinos Fano
COMPTROLLER

SOUTHERN COPPER CORPORATION

CORPORATE OFFICES: U.S.A

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