



# FULFILLING GOALS

Annual Report 2015



**SOUTHERN COPPER**  
GRUPO MEXICO



## STATEMENT OF RESPONSIBILITY

“To the best of our knowledge this document contains truthful and sufficient information regarding the development of the business of Southern Copper Corporation (“SCC”) during 2015. SCC takes responsibility for its contents according to applicable requirements”.



HANS A. FLURY ROYLE

Assistant Secretary



RAUL JACOB RUISANCHEZ

Vice-President Finance and Chief Financial Officer

**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. “SCCO”, “SCC”, “Southern Copper” or the “Company” includes Southern Copper Corporation and its consolidated subsidiaries.

# INDEX

LETTER TO SHAREHOLDERS	03
PRODUCTION STATISTICS	06
COPPER RESERVES	08
SELECTED AND FINANCIAL DATA	13
CAPITAL INVESTMENT PROGRAM AND EXPLORATION (EXPANSION & MODERNIZATION)	14
DEVELOPMENT – COMMUNITY OUTREACH	22
RESULTS OF OPERATIONS FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013	42
COMMITMENT – ENVIRONMENTAL AFFAIRS	48
GENERAL INFORMATION DESCRIPTION OF OPERATIONS AND DEVELOPMENT REGARDING THE ISSUING ENTITY	60
MEMBERS OF THE BOARD OF DIRECTORS	101

In 2015, \$1.25 billion were invested in capital expenditures.

We will increase our copper production capacity by 90%.



## LETTER TO SHAREHOLDERS

During 2015, we have made significant progress, capital investments were \$1,250 million, which were used primarily for the expansion program of the Buenavista mine, as well as for the acquisition of El Pilar project, both in Mexico; while in Peru we have started construction of the new concentrator at Toquepala. With these projects we continue our investment program to increase copper production capacity by 90% over of our 2013 production levels of 617,000 tons in 2013 to 1.2 million tons in 2013.

We would like to note that our \$3.5 billion program, at the Buenavista mine, is being completed under budget and meeting our forecasted productions and operating cost goals. Last September, we started commercial operations at this unit and as of December, we have spent almost 90% of the Buenavista expansion capital budget. With the new facilities, we hope to produce 460,000 tons of copper at Buenavista in 2016.

The new production of the Buenavista mine will be processed in the new copper-molybdenum concentrator, which has an annual production capacity of 188,000 tons of copper and 2,600 tons of molybdenum. This project will also produce 2.3 million ounces of silver and 21,000 ounces of gold per year. The new concentrator is in its ramping-up phase with 5 of the 6 mills already in operation and the other in the commissioning process. In September 2015, we obtained the first copper concentrate lot and the plant is now running at 90% capacity. Due to promising initial results, it is expected to gradually increase production until the plant reaches full capacity in the second quarter of 2016. This project has a 99% progress with an investment of \$1.162 million out of the approved capital budget of \$1.384 million.

In Peru, we have invested \$392.0 million in Toquepala projects. On April 14, 2015 the construction permit for the Toquepala expansion project was approved, this, together with the approval of the Environmental Impact Assessment previously received, confirms that our project complies with the highest environmental standards of the Peruvian authorities and corroborates our position as a sustainable Company. Once in operation, the Toquepala expansion will increase annual production capacity by 100,000 tons of copper to 235,000 tons in 2018, and will also increase molybdenum production by 3,100 tons.

Regarding the Tia Maria project, we have received the approval of the Environmental Impact Assessment; however, the issuance of the project's construction permit has been delayed by the Peruvian authorities due to certain pressures



from anti-mining groups. To explain the merits of the project, the Company established a multi-faceted encounter plan, which began with a national media campaign, followed by a door-to-door campaign in the neighboring district of Cocachacra. The purpose of the campaign was to explain the relevant environmental aspects of the project and answer questions. Tia Maria will use desalinated seawater and SX/EW technology with the highest international environmental standards, which are considered the most environmentally friendly in the industry, as no emissions are released into the atmosphere. The project represents an investment of approximately \$1.4 billion to produce 120,000 tons of copper cathode per year. We trust that we will soon receive the necessary construction licenses and permits required in order to begin construction of Tia Maria.

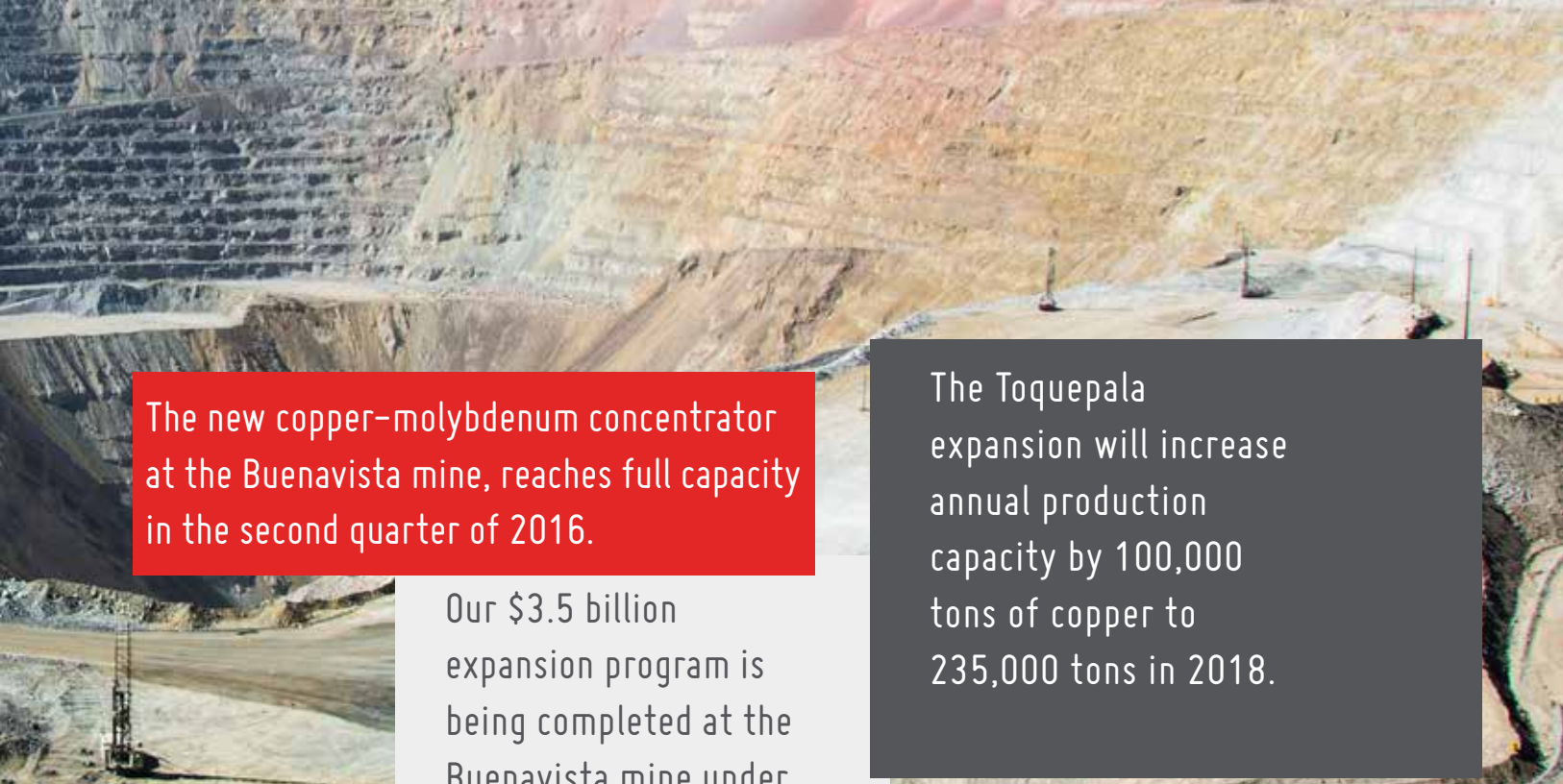
We are confident that the positive results of our investment programs in Mexico and Peru, as well as our prudent financial policy, will further improve our

cost competitiveness, with great benefit for all our stakeholders.

Our annual copper production in 2015 was 742,993 tons, a new record. In 2016, we expect to reach copper production of 903,300 tons, an increase of 21.6% and again a new record production. The additional copper units have a very low cost per pound, improving our overall cash cost and competitiveness.

Simultaneously with our investment program, Southern Copper has maintained a sound capital structure and a strong balance sheet, despite this investment program and the significant drop in prices of our main products.

In 2015, Southern Copper managed to mitigate the downward trend in prices by increasing the sales volume of copper (+ 12.3%), zinc (+ 10.3%) and reducing unitary costs. The operating cash cost per pound of copper before by-product credits was \$1.66 in 2015,



The new copper-molybdenum concentrator at the Buenavista mine, reaches full capacity in the second quarter of 2016.

Our \$3.5 billion expansion program is being completed at the Buenavista mine under budget.

The Toquepala expansion will increase annual production capacity by 100,000 tons of copper to 235,000 tons in 2018.

a reduction of 11.8% when compared to the \$1.89 per pound in 2014. This was mainly due to an increase in production and a decrease in costs such as labor, energy, fuel and administrative expenses. Operating cash cost per pound, net of by-product credits, was \$1.12 in 2015, an increase of 4.6% compared to \$1.07 in 2014 mainly due to lower sales prices of all our by-products.

In regard to our reserves, we believe we currently have the largest copper reserves in the industry. Our copper reserves at December 31, 2015, totaled 70.1 million tons of copper content, calculated at a price of \$2.90 per pound.

Our social benefit programs continue in each of the countries where we conduct exploration, mining and processing activities. Thereby, improving living conditions for neighboring towns.

On behalf of Southern Copper Corporation's Board, we express our thanks to all our personnel for their effort, hard work and dedication, 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

## PRODUCTION STATISTICS

Southern Copper Corporation and Subsidiaries

Five-year Production Statistics

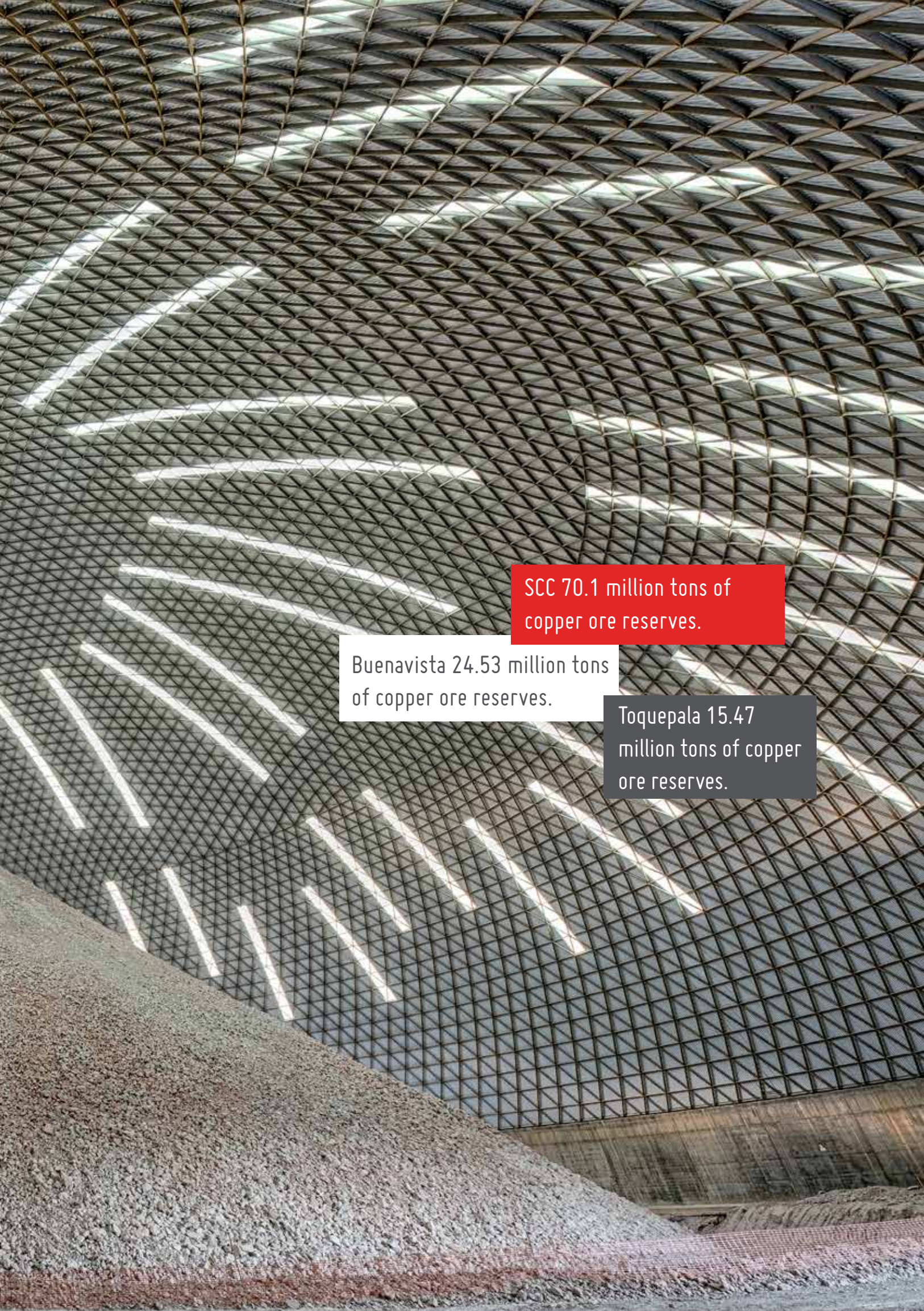
		2015	2014	2013	2012	2011
<b>Copper production Mines</b> (tons)						
Mined Material	(thousand)	764,532	758,965	641,456	568,428	502,909
Copper in concentrates		569,072	532,291	498,361	516,572	465,973
Copper SX/EW		173,921	144,308	118,658	121,107	121,518
Total Copper		742,993	676,599	617,019	637,679	587,491
Molybdenum in concentrates		23,347	23,120	19,897	18,297	18,570
Zinc in concentrates		61,905	66,614	99,372	89,884	83,807
Silver in concentrates	(thousand ounces)	13,288	12,992	13,513	13,644	12,731
<b>Smelter/refineries production</b>						
Copper		597,945	561,939	545,082	558,998	569,492
Zinc		100,576	92,133	97,692	93,542	90,869
Silver	(thousand ounces)	13,638	13,348	15,572	13,867	12,590
<b>Toquepala</b>						
Mined Material	(thousand)	193,013	211,202	169,808	173,927	177,398
Copper in concentrates		119,427	114,828	110,691	120,108	120,379
Molybdenum in concentrates		7,924	6,100	4,662	4,468	5,363
<b>Cuajone</b>						
Mined Material		191,651	182,812	173,277	154,091	140,108
Copper in concentrates		178,187	178,337	168,582	158,793	140,140
Molybdenum in concentrates		4,444	4,001	3,133	2,861	2,787
<b>Smelter/refineries in Peru</b>						
SX/EW		24,167	25,675	28,400	32,194	35,322
Smelt concentrates		1,143,682	1,022,536	1,072,826	996,592	1,094,224
Blister produced		2,800	-	1,670	32,843	-
Anode produced		338,893	303,939	322,637	265,213	337,812
Cathode produced		280,591	257,926	271,035	215,666	260,998



		2015	2014	2013	2012	2011
<b>Mexicana de Cobre — Caridad</b>						
Mined Material	(thousand)	94,283	91,454	88,595	86,632	84,266
Copper in concentrates		103,861	101,062	96,863	97,847	89,778
Molybdenum in concentrates		10,040	10,800	11,742	10,968	10,420
<b>Buenavista</b>						
Mined material	(thousand)	282,954	271,026	206,710	150,871	98,306
Copper in concentrates		142,025	132,853	115,813	133,966	110,147
<b>Smelter/Refineries in Mexico</b>						
SX/EW		149,754	118,633	90,258	88,913	86,196
Smelt concentrates		933,403	926,427	722,597	904,311	832,307
Anode produced		256,252	258,000	220,775	260,941	231,680
Cathode produced		213,360	204,302	188,005	213,734	186,853
Rod produced		138,180	129,078	126,800	120,791	107,925
<b>Underground Mines</b>						
Contents in concentrates	(tons)					
Zinc		61,905	66,614	99,372	89,884	83,807
Lead		20,693	22,286	23,918	19,978	18,817
Copper in concentrates		5,593	5,211	6,412	5,858	5,529
Silver	(thousand ounces)	4,995	4,945	6,170	5,974	5,866
Gold	(thousand ounces)	4,697	4,857	5,493	5,210	6,286




# **MINERAL RESERVES**



SCC 70.1 million tons of copper ore reserves.

Buenavista 24.53 million tons of copper ore reserves.

Toquepala 15.47 million tons of copper ore reserves.

A large, dark, industrial ladle is suspended by a chain and hook in a smelting plant. The ladle is positioned in the center of the frame, and its surface is covered in a layer of dark, crystalline material. In the background, a bright, glowing orange and yellow molten metal is visible, creating a dramatic, high-contrast scene. The overall atmosphere is industrial and intense, with a focus on the scale and power of the mining and smelting process.

We believe we hold the world's  
largest copper reserve position.

## COPPER RESERVES

We believe we hold the world's largest copper reserve position. At December 31, 2015, our copper ore reserves, calculated at a copper price of \$2.90 per pound, totaled 70.1 million tons of contained copper (as of December 31, 2015, the LME and COMEX copper price was \$2.50 and \$2.51, respectively), our internal ore reserve estimation value is as follows: as follows:

### COPPER CONTAINED IN ORE RESERVES

#### Mexican open-pit:

Buenavista

24,526

La Caridad

8,749

IMMSA

218

#### Peru:

Toquepala

15,474

Cuajone

9,293

#### Development projects:

El Arco

9,125

Tia Maria

2,626

Angangueo

92

#### Total

70,103



More than 70 million tons of copper contained in ore reserves.

For more information on ore reserves refer to "Mineral Reserves" (pages 50-55) in our 2015 Form 10-K.

\$12.59 billion, total assets.

\$5.29 billion, total equity.

\$5.05 billion, sales.



# SOUTHERN COPPER CORPORATION AND SUBSIDIARIES FIVE-YEAR SELECTED FINANCIAL AND STATISTICAL DATA

For the years ended December 31

(in millions, except per share amounts, employee data and stock and financial ratios)

## Consolidated Statement of earnings

	2015	2014	2013	2012	2011
Net earnings attributable to SCC	736	\$ 1,333	\$ 1,619	\$ 1,935	\$ 2,336
Net sales	5,045.9	\$ 5,788	\$ 6,669	\$ 6,669	\$ 6,819
Operating costs and expenses	3,631.5	\$ 3,555	3,560	3,560	3,193
Operating income	1,414.4	2,233	3,109	3,109	3,625
Non-controlling interest of investments shares on Peruvian Branch Income	3	5	6	7	8

## Per share amount

Net earnings attributable to SCC – basic and diluted	0.93	\$ 1.61	\$ 1.92	\$ 2.28	\$ 2.73
Dividends paid	0.34	0.46	\$ 0.68	\$ 4.06	\$ 2.43

## Consolidated balance sheet

Cash and cash equivalent	275	364	\$ 1,673	\$ 2,460	\$ 848
Total assets	12,593.2	11,393	10,996	10,384	8,063
Total debt	5,952	4,181	4,205	4,214	2,746
Total equity	5,299	\$ 5,837	\$ 5,562	\$ 4,789	\$ 4,036

## Consolidated statement of cash flows

Cash provided from operating activities	880	\$ 1,356	\$ 1,859	\$ 2,004	\$ 2,080
Dividend paid	217	381	574	3,140	2,080
Capital expenditures	1,150	1,530	1,703	1,052	613
Depreciation & depletion	511	445	396	326	288

## Capital stock

Common shares outstanding (in thousands)	776	813	835	846	850
NYSE price – high	33.14	\$ 24.40	\$ 33.54	\$ 26.08	\$ 41.96
NYSE price – low	24.40	\$ 26.08	\$ 24.78	\$ 28.16	\$ 23.99
Book value per share	6.78	\$ 7.14	\$ 6.62	\$ 5.64	\$ 4.77
P/E ratio	28.19	17.52	14.95	16.60	11.04

## Financial ratios

Current assets to current liabilities	2.70	2.07	4.36	5.00	3.12
Net debt as % of capitalization <sup>(1)</sup>	48.9%	37.3%	29.2%	25.0%	25.2%
Employees (at year end)	13,024	12,735	12,665	12,085	12,145

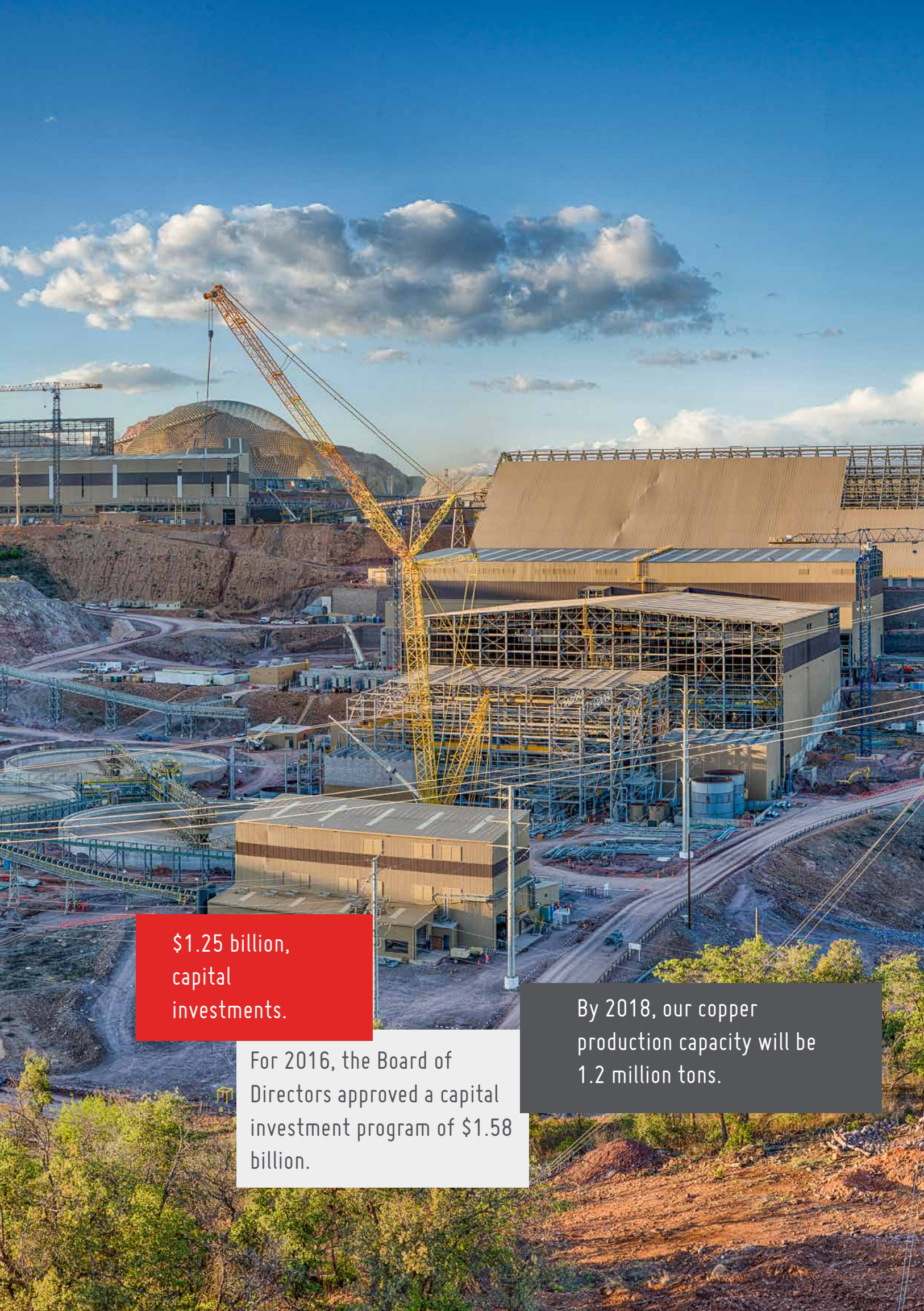
<sup>(1)</sup>Represents net debt divided by net debt plus equity. Net debt is total debt minus cash and cash equivalents balances.

# **CAPITAL EXPENDITURES AND EXPLORATION**

**EXPANSION & MODERNIZATION**







\$1.25 billion,  
capital  
investments.

For 2016, the Board of  
Directors approved a capital  
investment program of \$1.58  
billion.

By 2018, our copper  
production capacity will be  
1.2 million tons.

## CAPITAL EXPENDITURES AND EXPLORATION

We made capital investments of \$1,250.0 million in 2015, including the El Pilar acquisition, \$1,534.8 million and \$1,703.3 million in 2014 and 2013, respectively. In general, the capital investments and projects described below are intended to increase production, decrease costs or address social and environmental commitments.

This is 18.3% lower than in 2014, and represented 169.7% of net income. Our growth program to develop the full production potential of our Company is underway. In addition, the Buenavista expansion program is largely completed.

For 2016, the Board of Directors approved a capital investment program of \$1,577.8 million to make the final payments for the Buenavista projects, to initiate the construction of a new concentrator in Toquepala, with an annual production capacity of 100,000 tons of copper and 3,100 tons of molybdenum, and for the Tia Maria project. With these projects we are continuing our investment program to increase copper production capacity by more than 90% from our 2013 production level of 617,000 tons to 1.2 million tons by 2018.

In addition to our ongoing capital maintenance and replacement spending, our principal capital programs include the following:

### PROJECTS IN MEXICO:

**Buenavista Project:** We are completing the development of our \$3.5 billion investment program at this unit, where we have already invested \$3.0 billion. Excluding the Quebalix project and some infrastructure facilities, all the other facilities of this program are currently operating and we are expecting to produce 460,000 tons of copper in 2016 and 500,000 tons in 2017.



Our copper production capacity will increase more than 90% by 2018.



**\$392.0 million were invested in the Toquepala concentrator expansion projects.**

Tia Maria will represent an investment of approximately \$1.4 billion to produce 120,000 tons of copper cathodes per year.

The new copper-molybdenum concentrator has an annual production capacity of 188,000 tons of copper and 2,600 tons of molybdenum. The project will additionally produce 2.3 million ounces of silver and 21,000 ounces of gold per year. The total capital budget of the project is \$1,383.6 million and as of December 31, 2015, the project had a 99% progress with an investment of \$1,162.0 million.

All major equipment is in place and has been installed.

Regarding the mine equipment acquisition for the Buenavista expansion, through December 31, 2015 we have invested \$510.9 million and have received sixty-one 400-ton capacity trucks, seven shovels and eight drills required for the mine expansion. All of this equipment is currently in operation.

Regarding the SX-EW III plant, in July 2015, the Mexican authorities approved the initiation of activities for the Tinajas 1 leaching pad. This will allow us to achieve the estimated low cost annual production of 120,000 tons of copper cathodes by the first quarter of 2016. As of December 31, 2015, we have invested \$526.4 million.

The crushing, conveying and spreading system for leachable ore project (Quebalix IV) will increase production by improving SX-EW copper recovery, reducing processing time and mining and hauling costs. The project has a crushing and conveying capacity of 80 million tons of ore per year and is expected to be completed by the second quarter of 2016. As of December 31, 2015, the project has an 87% progress with an investment of \$209 million out of the approved capital budget of \$340 million.

The remaining projects to complete the \$3.5 billion budgeted program include investments in infrastructure, including power lines and substations, water supply, tailings dam, mine equipment shops, internal roads and others.

## PROJECTS IN PERU

**Toquepala Projects:** Through December 31, 2015, we have invested \$392.0 million in the Toquepala concentrator expansion projects. On April 14, 2015 the construction permit for the project was approved, allowing us to continue its development. We had previously received the approval of the Environmental Impact Assessment (“EIA”) confirming that our project complies with the highest environmental standards of the Peruvian authorities, which corroborates our position as a sustainable company.

Once in operation, the Toquepala expansion will increase annual production capacity by 100,000 tons of copper to 235,000 tons in 2018, and will also increase annual molybdenum production by 3,100 tons at an estimated capital cost of \$1.2 billion. It is estimated that the project will generate 2,200 jobs during the construction phase and 300 additional jobs once finished, which will add to current 1,500 permanent employees at Toquepala. The project is expected to be completed by the first quarter of 2018.

**Cuajone Projects:** The In-Pit Crushing and Conveyor (IPCC) Project consists of installing a primary crusher at the mine pit with a conveyor system for moving the ore to the concentrator. The purpose of this project is to optimize the hauling process by replacing rail haulage, thereby

reducing operating and maintenance costs as well as the environmental impact of the Cuajone mine. The crusher will have a processing capacity of 43.8 million tons per year. We are completing the detailed engineering. The main components including the crusher and the overland belt have been acquired and we have started the preparation of the land and civil works. As of December 31, 2015, we have invested \$80.1 million in this project out of the approved capital budget of \$165.5 million. The project is expected to be completed by the first quarter of 2017.

The project to replace tailing thickeners at the concentrator will replace two of the three existing thickeners with a new hi-rate thickener. The purpose is to streamline the concentrator flotation process and improve water recovery efficiency, increasing the tailings solids content from 54% to 61%, thereby reducing fresh water consumption by replacing it with recovered water. As of December 31, 2015, we finalized the commercial negotiations and started the engineering and procurement process. We have invested \$1.3 million in this project out of the approved capital budget of \$30 million, and we expect it to be completed by the first quarter of 2017.

**Tia Maria Project:** While we have received approval of Tia Maria’s EIA, the issuance of the project’s construction permit has been delayed by the Peruvian authorities due to certain pressures from anti-mining groups.

Tia Maria, when completed, will represent an investment of approximately \$1.4 billion to produce 120,000 tons of copper cathodes per year. This project will use state of the art SX-EW technology with the highest international



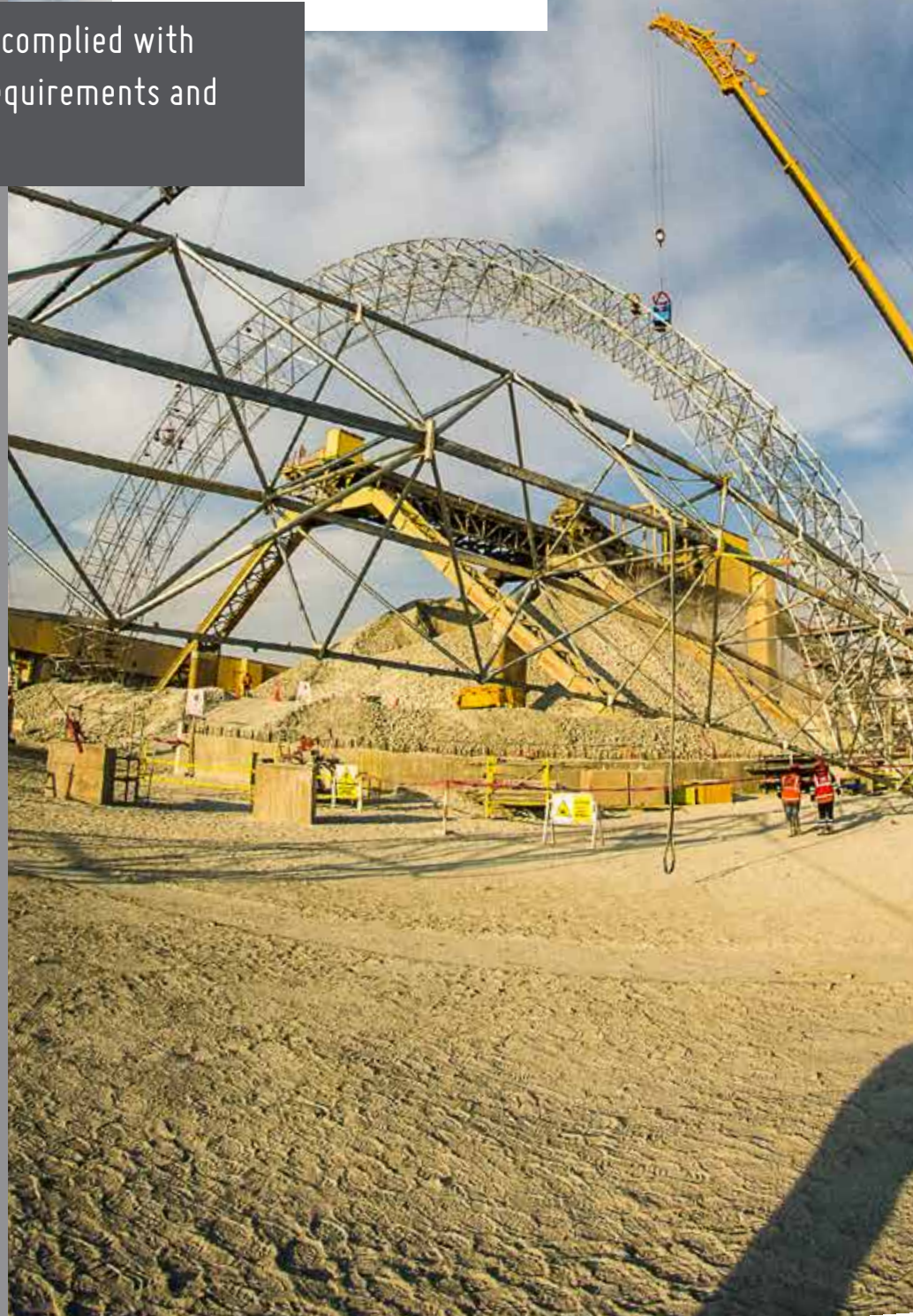
Tia Maria facilities will be a SX-EW, the most environmentally friendly in the mining industry.

The In-Pit Crushing and Conveyor (IPCC) Project consists of installing a primary crusher at the Cuajone mine pit with a conveyor system for moving the ore to the concentrator.

The Tia Maria project will only use seawater.

We guarantee that the Tambo river water resources and the water resources from the wells of the areas will be used solely for farming and human consumption.

Tia Maria has complied with all existing requirements and regulations.



## SCC complies with all existing requirements and regulations where operates.

environmental standards. SX-EW facilities are the most environmentally friendly in the industry due to their technical process and consequently, no emissions into the atmosphere are released. The project will only use seawater, transporting this more than 25 kilometers and at 1,000 meters above sea level, constructing a desalinization plant representing an investment of \$95 million. In this manner, we guarantee that the Tambo river water resources and the water resources from the wells of the areas will be used solely for farming and human consumption, as it has been done until today.

Tia Maria has complied with all existing requirements and regulations and therefore the Company trusts that it will soon receive from government authorities the construction licenses and permits required in order to begin construction of this project.

**Tailings disposal at Quebrada Honda:** This project increases the height of the existing Quebrada Honda dam to impound future tailings from the Toquepala and Cuajone mills and will extend the expected life of this tailings facility by 25 years. The first stage and construction of the drainage system for the lateral dam is finished. We are developing the engineering and procurement to improve and increase the dam's embankment with a new cyclone battery station that will allow us to place more slurry at the dams. The project has a total budgeted cost of \$66.0 million with \$53.4 million invested through December 31, 2015.



SCC holds the world's largest copper reserve position.

# COMMUNITY OUTREACH







SCC creates share values in the areas where its operates.

According to  
SCC goals.



Our business goal is the Meaningful Development.

Strengthening the environment from the human and environmental point of view.

## ENVIRONMENTAL AND SOCIAL MEASURES

Southern Copper Corporation is committed to generate the greatest value for our stakeholders, aligned with our business objectives. In this regard, we seek to achieve an increasingly responsible operation in the social, economic and environmental fields, considering the expectations of our stakeholders and aiming at the sustainability of the organization over time, to continue contributing directly and indirectly with the development of the country.

To consolidate the confidence they have in us in order to create share value together.

Our business goal is the Meaningful Development, with which we align our investments and the distribution of economic value, from the strengthening of the environment, from the human and environmental point of view among our employees, communities and other stakeholders. We do our best every day to consolidate the confidence they have in us, making them participants in management, communicating our performance and listening to their expectations, in order to create share value together.

### OUR ENVIRONMENTAL COMMITMENT

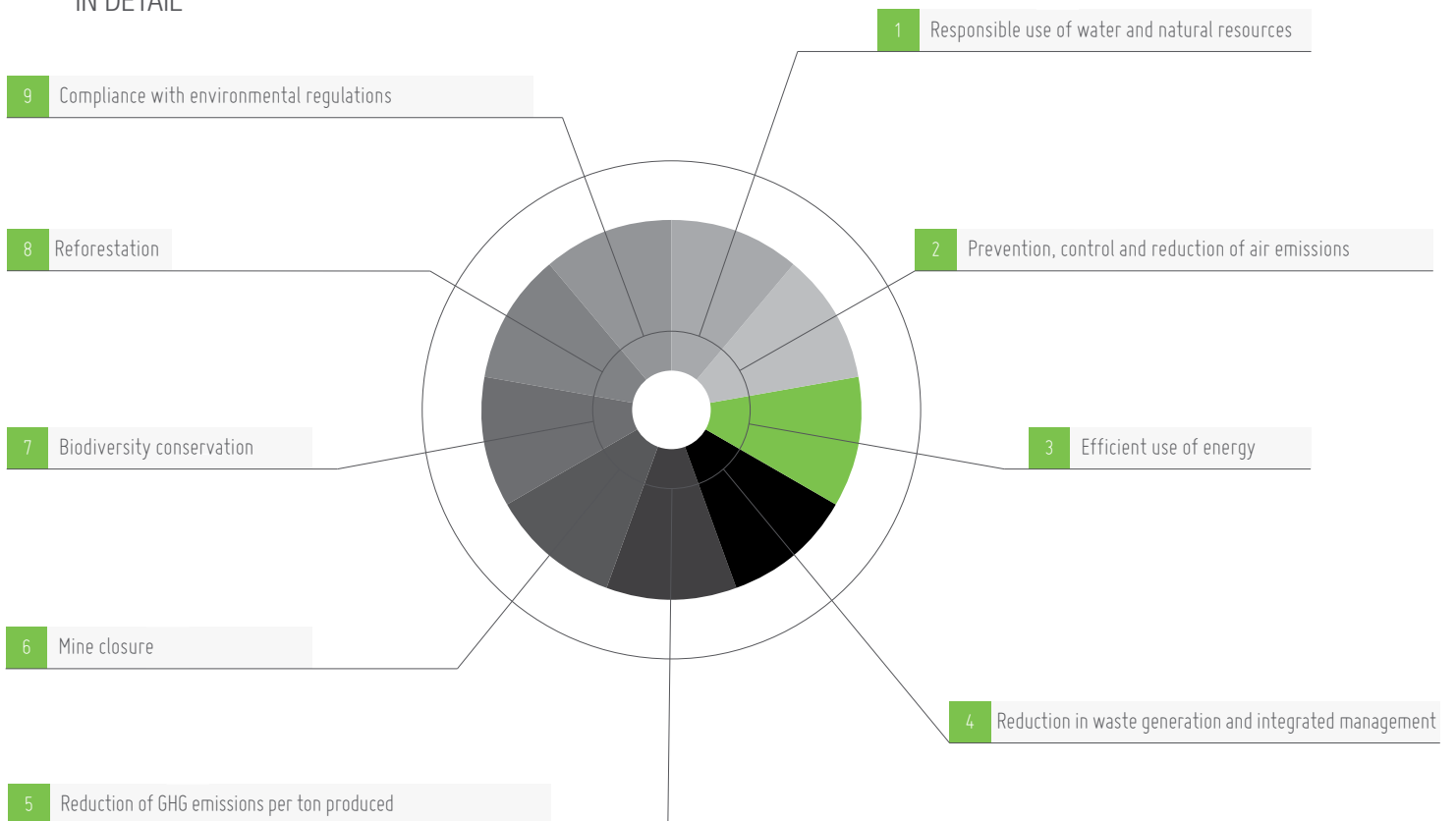
We maintain an ongoing commitment to advance in harmony with the challenges of expansion and modernization of the industry in which we participate. In this sense, we not only seek regulatory compliance, we also operate under the best environmental practices, in order to always achieve optimum environmental performance, to identify, evaluate and mitigate the impacts generated by our activities on the environment.

To do this, we have strategies that meet the specific environmental needs of each region in which we operate, and use an environmental management system that we have developed, with the following 9 lines of action:

These lines of action are carried out in compliance with international and local certifications that rule our operating units in countries where we are present.

In 2015, four of our units were granted the ISO 14001: 2004. These certifications, together with the 12 Clean Industry certifications and 6 Environmental Quality certifications, are the result of the efforts of all our employees and a comprehensive application of our environmental practices.

### IN HARMONY WITH THE ENVIRONMENT IN DETAIL



SCC is efficient in energy consumption.

Developing and using renewable energy sources.

We promote efforts to capture greenhouse gases.



## ENVIRONMENTAL EXPENDITURES

(million dollar)

	SCC
Energy	\$ 0.47
Air	\$ 83.80
Ground	\$ 15.66
Waste	\$ 64.30
Biodiversity	\$ 15.53
Management	\$ 10.30
Water	\$ 14.47
<b>Total</b>	<b>\$ 204.52</b>

## ENERGY AND CLIMATE CHANGE

At SCC we are aware of the effects of climate change and its impact on our operations, so, by anticipating an increase in the probability of occurrence of extreme weather events such as hurricanes, droughts, floods and fires, we have identified potential risks from global warming. In addition to the risks arising from the increase in global temperature of the planet, we also face the impact of new environmental policies and regulations being adopted by governments of all countries.

Given these challenges, we are taking measures, which include:

- Using energy more efficiently.

- Diversifying our energy matrix.
- Developing and using renewable energy sources.
- Increasing the level of electric power self-sufficiency.
- Promoting efforts to capture greenhouse gases.

At SCC we have set a target to produce more with less, implementing energy efficiency initiatives in accordance with best practices. Therefore, we work on the redesign, conversion and adaptation of equipment, process improvement and reorganization, and training our employees to optimize energy use, making strong investments in this regard.

In this sense, we are diversifying our sources of generation of clean, renewable energy for our supply. Our operations in Mexico have mitigated their indirect greenhouse gas emissions by consuming clean energy supplied by SCC subsidiaries that generate electric power through its high efficient combined cycle and a wind farm. By replacing traditional sources of energy by more efficient and renewable sources, in 2015 we achieved a mitigation of 151.680 tons of CO<sub>2</sub>eq.

Simultaneously with our environmental policy, we continue to implement actions to maximize the generation of electricity by using our own energy sources. In the case of Mexico, we make use of the smelter gases for the heat recovery boiler to generate energy. In Peru, we generate energy from renewable sources, in particular from two hydroelectric plants with a combined capacity of 130 terajoules.

In addition to generating and consuming energy from renewable sources and cleaner fuels, we have also implemented the best practices that have resulted in higher energy efficiency in our operations, including the improvement, redesign, conversion and retrofitting of equipment, the rational use of resources, and the training of personnel to improve their performance during operations.

In the last two years, we have invested more than \$105 million in our Peruvian mining complexes at Cuajone and Toquepala. One of our projects of technological improvement in material transport systems will not only allow us to reduce operating costs, but also the amount of energy consumed and the intensity of emissions per ton produced of product.

Similarly, in our mining unit, Buenavista del Cobre (Sonora, Mexico) we are moving forward in the construction of the "Quebalix IV" crushing and conveying system. This infrastructure project lets us crush the material and transport it by conveyor, one of which with 1.7 km length is the longest in the Mexican mining industry, and will allow us to improve our efficiency in the management of energy resources and reduce our emissions of greenhouse gases associated with our activities of hauling and crushing.

The measures to adapt to the effects of climate change are increasingly relevant. In the case of Peru, global warming has been reflected in meteorological phenomena of great intensity, such as El Niño, which among its consequences, it has caused droughts in the interior and south of the country, as opposed to heavy rains in the north and central coast. For this reason, we are regionally supporting the Ministry of Agriculture and the Water User Boards that manage water resources in areas where we operate. We also continue working with communities in the forage delivery programs for cattle, in cold seasons, given the scarcity of vegetation for

Our reforestation projects provide a double value to the environment.

SCC contributes to biological biodiversity and enrichment of flora and fauna

We contribute by trapping CO<sub>2</sub> from the atmosphere.





animals, an initiative that has been strengthened this year to minimize the effects of drought.

With these actions, and others, SCC confirms the commitment to reduce its carbon footprint, meet their implications and enhance our position as a sustainable global company, thereby improving our competitiveness and contributing to shift towards an environmentally friendly economic development

## BIODIVERSITY

In our operating units we have forest nurseries and greenhouses whose production of species native to the region are used to reforest and rehabilitate ecosystems, including those areas not adjacent to our operations.

Our reforestation projects provide a double value to the environment. On the one hand, they contribute to biological biodiversity and enrichment of flora and fauna;

on the other, they act as carbon sinks, trapping CO<sub>2</sub> from the atmosphere. The Company has begun studies to measure the contribution made by planting trees, including differences between the species used, in order to maximize its associated impact.

As part of our conservation efforts, we have a 1.3 hectare Environmental Management Unit (EMU) that has been developed to replicate the wildlife environment of threatened and endangered species, including the Mexican Gray Wolf and the Turkey Gould, along with other species that are part of our program whose strategy focuses on breeding and release, as well as in the regeneration of their habitat.

The EMU is a clear sign of how we involve the community in the common challenge of protecting our environment, particularly biodiversity of Sonora. This is extensible to the Ecological Path, where the EMU, along 1.8 kilometers, offers educational and recreational activities, being visited





We replicate the wildlife environment of threatened and endangered species.

We protect the Mexican Gray Wolf and the Turkey Gould.

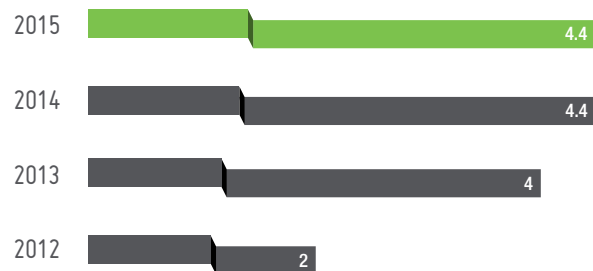
In Peru, we make significant environmental measures within the remediation program at the Ite Bay.

by about 5,000 people and an average of 52 schools per year. The Path also constitutes a very important facility in our reforestation efforts, with an annual production of 500,000 plants.

In the Peruvian region of Tacna, we continue to make significant environmental investments and conservation measures within the remediation program at the Ite Bay. With an area of 1,600 hectares, this successful program of contaminant removal has resulted in the largest

## ANNUAL CAPACITY OF PRODUCTION TREES

(in million)



and most diverse coastal waterfowl wetland in the country, and it has become also a tourist attraction that favors economic development.

## WATER MANAGEMENT

For our mining operations, water is the most important input, and in order to ensure the sustainability of the resource in areas where we operate, we develop projects to get the greater efficiency in their use, promote reuse and use water discharged by third parties.

The efficient use of water and conservation programs include the following:

- Pumping systems to recover water.
- Continuous water recovery process from tailings and thickener processes for reuse in metallurgical processing.
- Implementation and maintenance of closed circuits to use the total volume of process water.
- Implementation of the Zero Wastewater Discharge Program, looking for a more efficient management of both consumption and reuse of water resource within our mining operations.

These programs have enabled us to obtain a large proportion of our total water consumption from reclaimed water. In 2015, 71% of total water consumption at our mining operations was reclaimed water, minimizing consumption and demand for fresh water.

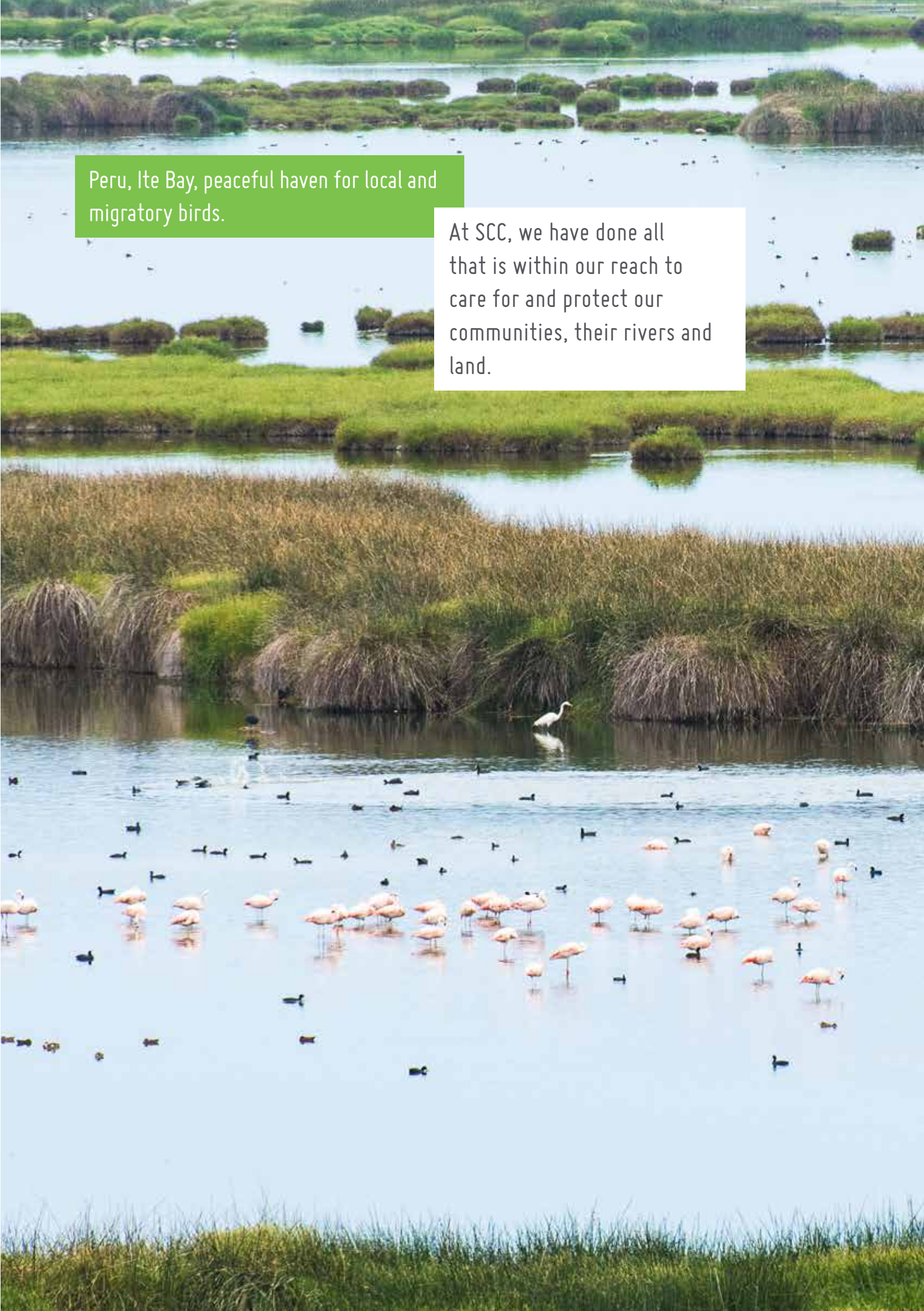
In some of our units, we make use of municipal wastewater treatment utilities, as is the case of our operations in San Luis Potosi (Mexico), so that the availability of fresh water is largely for the local population.

At SCC we have done all that is within our reach to care for and protect our communities, their rivers and land. Consistent with our commitment to sustainability, we have concluded with all cleaning and remediation works required as a result of the spill of copper sulfate solution which occurred on August 6, 2014 at a dam 10 kilometers away from the Buenavista del Cobre mine.



Our mining operations promote progress.

\$204.52 million invested in environmental remedial.



Peru, Ite Bay, peaceful haven for local and migratory birds.

At SCC, we have done all that is within our reach to care for and protect our communities, their rivers and land.

On August 7, 2014 we launched an emergency plan to contain and collect the materials released, as well as to minimize dispersion. For it, a contingency border was built with lime and milk of lime to neutralize the solution and soils and sediments of rivers were collected, concluding with the cleanup actions in October 2014.

With the implementation of immediate measures in response to the contingency, pollutant load significantly decreased in the water, so on August 27, 2014 the Delegate of the Secretariat of Agriculture, Livestock, Rural Development, Fisheries and Food stated that the strip of 500 meters on the banks of the rivers Sonora and Bacanuchi had not been affected by pollutants.

Besides the significant work done to prevent damage to the river, in 2015 we implemented a remediation program,

whose actions were very effective. By initial cleaning and subsequent remediation, it was possible to collect a larger amount of metals than the one contained in the spill, which is explained by the geology of the area characterized by highly mineralized geological formations.

When Sonora and our communities were at risk, we support immediately and unconditionally to ensure all the needs of the population. We compensate those susceptible to the potential consequences of precautionary measures and the closure of the water, through the establishment of a trust, whose technical committee was created with representatives of the Federal Government, the Company and specialists, assisted by a team of environmental experts, all in order to ensure proper use of funds that were provided. Through this mechanism, we have



## When Sonora and our communities were at risk, we support immediately and unconditionally.

invested more than \$ 70 million for the supply of drinking water, installation of water infrastructure, as well as compensation to farmers, ranchers and the general population, among other efforts.

SCC continues fulfilling its commitment to make environmental and health monitoring across the Sonora and Bacanuchi rivers, and keep working to reforest those areas of the river affected by Odile Hurricane. This in order to verify that no negative affectations to the environment or the people arise, and join efforts in our search for meaningful development.

SCC continues fulfilling its commitment to make environmental and health monitoring across the Sonora and Bacanuchi rivers in Mexico.

Investing more than \$ 70 million for the supply of drinking water.



SCC promotes local communities.

Casa Grande, social investment fund, calls for projects and corporate volunteer.

Our goals, create share value and promote the development of the communities were we operate.

We are immersed in a rich and diverse environment, with communities in which we seek to create opportunities and contribute to generate internal processes of transformation.



## OUR COMMUNITIES

As a company, we are immersed in a rich and diverse environment, with communities in which we seek to create opportunities and contribute to generate internal processes of transformation, prioritizing installation capabilities that allow efforts to transcend and become a vehicle for change. Our model of community development parts from this approach, and it is implemented through different tools: Community Committees, Casa Grande, social investment fund, calls for projects and corporate volunteer.

Aligned with our goal of creating value and promoting development of the communities of which we are part, we implemented strong programs of social bonding suited to the needs and situations of the locations where we operate, Mexico and Peru. We understand social welfare as the synergy of different factors that we aim to strengthen through a multi-strategy, in close dialogue with communities. Therefore we strengthen health, education, culture and sports, among others.

## INVESTING IN COMMUNITY DEVELOPMENT (DOLLARS)

PROGRAM		SCC
Community development	Social linking	\$ 641,396
	Community development programs	\$ 8,003,291
	Sponsorships and donations	\$ 10,568,565
	Infrastructure and equipment in neighboring communities	\$ 50,066,980
Employees and communities	Investment in Education	\$ 586,592
	Sport and cultural programs	\$ 898,001
	Investment in town site infrastructure	\$ 15,034,969
Total		\$ 85,799,794



\$85.79 million were invested in community development.

Our community centers are meeting points, coexistence and building of shared value.

From community diagnosis, where local people are involved, we identify the needs and expectations to prioritize working opportunities, which are channeled through the Casa Grande model. This model consists of own company initiatives materialized through our team of experts, volunteers from the Company, the community, and community centers created as a meeting point, coexistence and building of shared value. In 2015, it included the participation of 6,946 community volunteers who were the key to increase the social capital of the areas in which we operate.

In addition, calls in order to encourage community organizations to submit their own initiatives are made. In 2015, education and environment were established as key themes of work, as well as health and safety and productive development as complementary subjects. Also, for us, children and youth are a priority, because we know that giving them special attention, we go beyond the generations that will set the standard in the future. The projects presented in these calls are evaluated by community committees, mixed composed groups in which both, SCC as well as the community, participate, promoting dialogue and citizen participation.

For us, children and youth are a priority.





At year-end 2015, 13 SCC operations and exploration units in Mexico, distributed in 8 states, have implemented the Casa Grande model. Five calls for projects were launched and 66 initiatives were funded. Thus, we continue promoting our Meaningful Development vision, with long-term vision and strategic building of alliances to strengthen communities we are part of.

SCC also seeks to create value through social investments so that communities have at their disposal facilities and spaces that contribute to the quality of life. In early 2015, the Cananea Regional Hospital of Specialist was opened. Built with a trilateral investment by the Federal Government, the Sonora State Government and the Company, we contributed with more than \$ 7 million. It is the first center with open access in Mexico, serving beneficiaries of any medical services as well as people without it, potentially benefiting a population of 35,000 residents.

## PERU

In Peru, our commitment to the community focused in three areas: education and capacity building, health and nourishment, and infrastructure and support for the farming industry.

Our operations are located in the south of Peru, in an agricultural and livestock environment where water is a key resource. We seek to expand capacity development and self-management of communities and, with this approach, we are contributing to the development of water supply infrastructure, as well as projects of irrigation modernization, strengthening fruit production and livestock in the provinces of Candarave and Jorge Basadre.

Four water storage structures for irrigation were completed and the construction of 9 channels for Candarave began with construction of 4,888 linear meters as well as the



In emergency, SCC takes care for people health.

Cananea Regional Hospital was built with a trilateral investment by the Federal Government, the Sonora State Government and the Company.

building of pressurized irrigation modules for 231 plots and 466 hectares in Ite district.

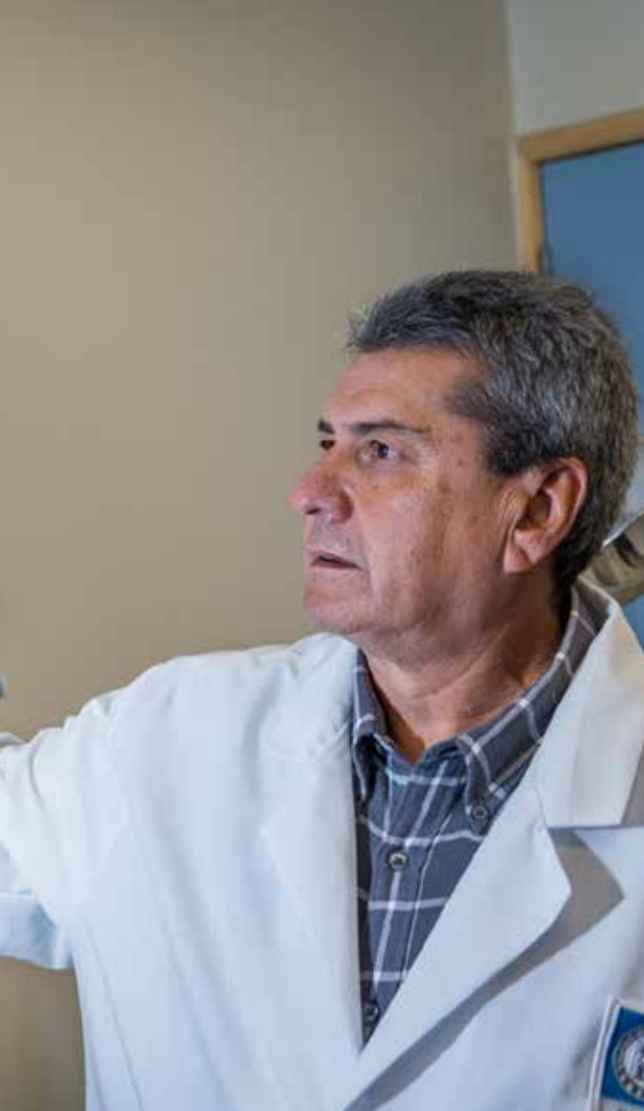
We have also launched the Candarave Development Fund for the implementation of priority projects identified by the authorities and communities participating in a roundtable dialogue, which also supports the economic development of the area by hiring local companies for construction of the projects.

Supporting women's entrepreneurial programs is also one of our program goals, thereby creating opportunities for professional development and contributing to strengthen the economy of families. In the Peruvian province of Mariscal Nieto we developed the "Women Entrepreneurs of Torata", training 40 women in bakery and dairy and nectar processing. We are pleased to report that, before

the end of the year, program participants had already established two companies in which they applied the knowledge acquired.

Our support for future professionals it is expressed in undertaking programs like "Young Enterprises to Success", by which 508 participants were trained in business management, marketing, finance and personal development, among other topics. Notably, 15 of the participants were awarded initial seed capital to start their businesses.

In health and nutrition, in 2015 we continued our commitment to support community health workers, a key part in the sustainability and development of educational activities to strengthen mothers, fathers and authorities of the various communities of the Province of Candarave



through programs, such as demonstration sessions using local products, training and tracking and monitoring newborns through early childhood.

By developing prevention campaigns and health care, residents of the provinces of Jorge Basadre and Candarave have benefited, managing to improve the quality of life of low income and vulnerable people.

Similarly, we are working on the implementation of public infrastructure for the community, and was the first contributor to the Consortium of Companies with Major Investment Commitment, effort awarded in 2015 by the private investment promotion agency, Proinversion. In addition, in collaboration with the various governmental entities in Peru, we seek to develop projects that deliver high social performance and contribute prominently to the development of the regions where we operate.

At Southern Copper Corporation we will keep our commitment to continually improve the quality of life of the communities where we operate, by encouraging community integration structures and collective involvement, which will result in the common good and make people the key agents of development.

Southern Copper Corporation keeps its commitment to continually improve the quality of life of the communities where it operates.


# RESULTS OF OPERATIONS



\$741.1 million net income  
in 2015.

Operating cash cost  
per pound, net of by-  
product credits, was  
\$1.12.



A construction site at sunset. The sky is filled with soft, golden light from the setting sun, creating a dramatic backdrop. In the foreground, several construction workers wearing hard hats and safety vests are silhouetted against the bright sky. They are standing on a complex steel framework, likely part of a large industrial building or refinery. The workers are engaged in various tasks, with some looking towards the camera and others focused on their work. The overall scene conveys a sense of industriousness and scale.

Our 2015 operating cash cost per pound of copper without by-product revenues was \$0.23 per pound lower than in 2014.

We diluted our operating cash costs per pound through higher production in all our units.

SCC is a world class copper producer.

## RESULTS OF OPERATIONS

THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013.

Our net income attributable to SCC in 2015 was \$ 741.1 million or diluted earnings per share of \$0.93, compared with net income attributable to SCC of \$1,337.9 million or diluted earnings per share of \$1.61 in 2014, and net income attributable to SCC of \$1,618.5 million or diluted earnings per share of \$ 1.92 in 2013.

The Company presents its operating costs both including and excluding the revenues of its byproducts (molybdenum, silver, sulfuric acid, etc.). Excluded from its calculation of operating cash cost are the cost of purchases of third parties metal, depreciation, amortization and depletion, exploration, workers participation provisions and other items of non-recurring nature, and the royalty charges.

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

	2015	2014	2013
		(dollar per pound)	
Operating Cash Cost without by-product revenues	1.66	1.89	1.90
Operating Cash Cost with by-product revenues	1.12	1.07	1.00

As seen on the chart above, our 2015 operating cash cost per pound of copper without by-product revenues was \$0.23 per pound lower than in 2014, a decrease of 11.8%. This was due to lower costs per pound from production costs, as a result of higher production.

An aerial photograph of a large-scale open-pit mining operation. The image shows a deep, terraced pit with a network of roads and conveyor systems. Several large yellow haul trucks are visible, some carrying loads of material. In the upper left, there are some industrial buildings and a utility structure with power lines. The overall scene is one of intense industrial activity.

Net sales in 2015 were \$5.05 billion.

In 2015, average copper prices per pound were \$2.50 (LME) and \$2.51 (COMEX).

In 2015, copper sales volume of copper reached 1,625.8 million pounds.



**Net Sales:** 2015-2014: Net sales in 2015 were \$5,045.9 million, compared to \$5,787.7 million in 2014, a decrease of \$741.8 million or 12.8%. The decrease was principally the result of lower metal prices, partially offset by an increase in copper and zinc sales volumes, which increased 12.3% and 10.3%, respectively.

2014-2013: Net sales in 2014 were \$5,787.7 million, compared to \$5,952.9 million in 2013, a decrease of \$165.2 million or 2.8%. The decrease was principally the result of lower copper and silver prices as well as lower silver and zinc sales volume, partially offset by higher

molybdenum and zinc prices and higher copper and molybdenum sales volume. Copper made up 78.0% of net sales in 2014, compared to 78.2% in 2013. Sales of by-products in 2014 totaled \$1,269.7 million, compared to \$1,298.1 million in 2013, a decrease of 2.2%.

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

#### Price/Volume Data

Average metal prices

Copper (per pound - LME)

Copper (per pound - COMEX)

Molybdenum (per pound)

Zinc (per pound - LME)

Silver (per ounce - COMEX)

	2015	2014	2013
Average metal prices			
Copper (per pound - LME)	\$ 2.50	\$ 3.11	\$ 3.32
Copper (per pound - COMEX)	\$ 2.51	\$ 3.12	\$ 3.34
Molybdenum (per pound)	\$ 6.59	\$ 11.30	\$ 10.26
Zinc (per pound - LME)	\$ 0.88	\$ 0.98	\$ 0.87
Silver (per ounce - COMEX)	\$ 15.68	\$ 19.04	\$ 23.82

#### SALES VOLUME (in thousands)

Copper (pounds)

Molybdenum (pounds) <sup>(1)</sup>

Zinc (pounds)

Silver (ounces)

	2015	2014	2013
Copper (pounds)	1,625.8	\$ 1,448.0	\$ 1,382.4
Molybdenum (pounds) <sup>(1)</sup>	51.2	\$ 51.0	\$ 43.9
Zinc (pounds)	222.2	\$ 201.5	\$ 218.5
Silver (ounces)	14.5	\$ 14.6	\$ 16.6

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

A photograph of young green plants in a black plastic nursery tray. The plants are small and have several long, thin leaves. The tray is filled with soil and has several circular holes. The background is blurred, showing more plants and some orange flowers. A solid green vertical bar is on the left side of the image.

# **ENVIRONMENTAL MATTERS**



Environmental capital expenditures in 2015 were \$120.8 millions.

We comply with all environmental regulations.

Our operations are environmentally friendly in the mining industry.

## ENVIRONMENTAL MATTERS

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

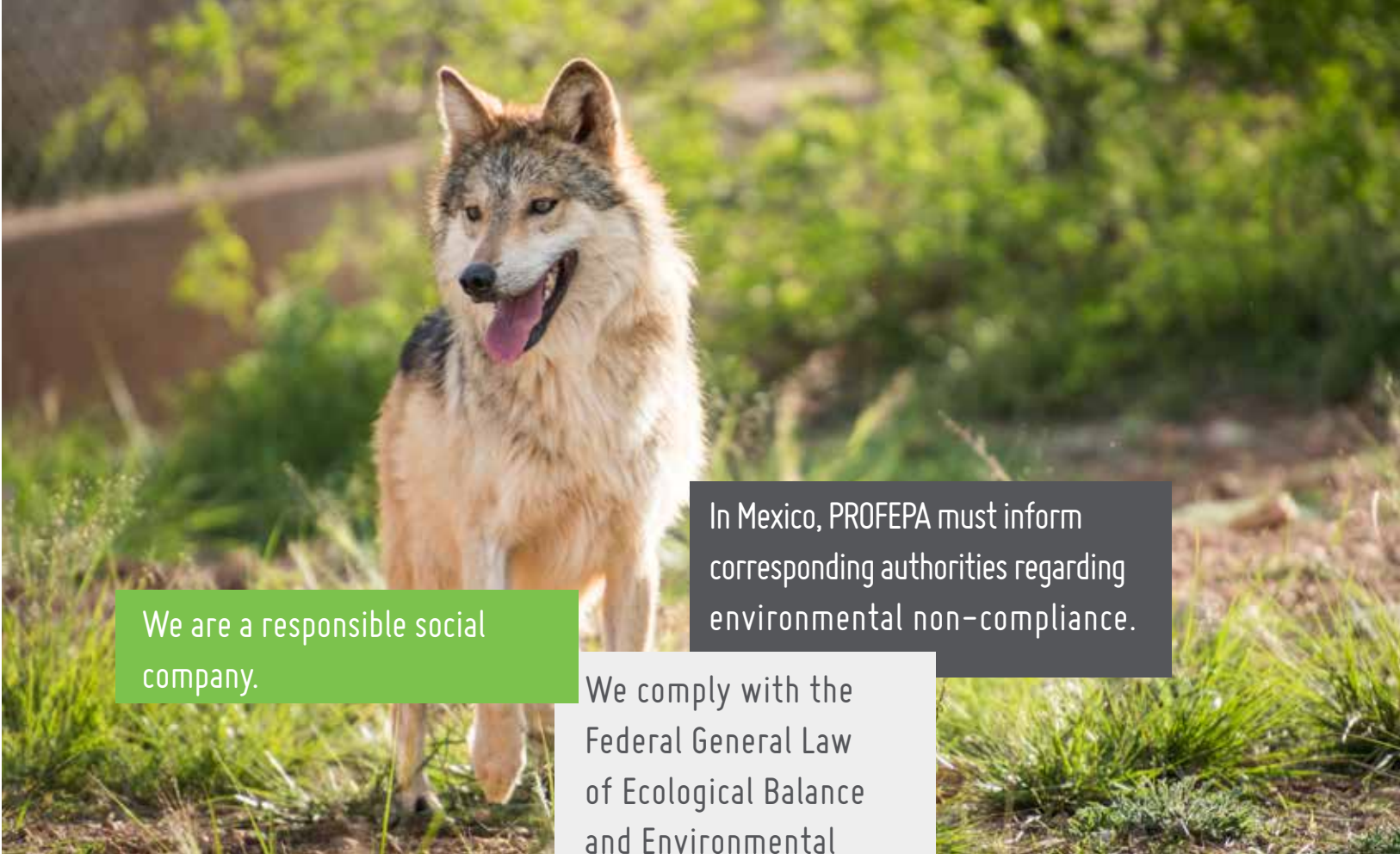
Environmental capital expenditures in years 2015, 2014 and 2013, were as follows (in millions):

	2015	2014	2013
Mexican operations	\$ 98.8	\$ 24.4	\$ 39.8
Peruvian operations	\$ 22.0	127.0	76.9
<b>Total</b>	<b>\$ 120.8</b>	<b>\$ 151.4</b>	<b>\$ 116.7</b>

### 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 principal legislation applicable to the Company's Mexican operations is the Federal General Law of Ecological Balance and Environmental Protection (the "General Law"), which is enforced by the Federal Bureau of Environmental Protection ("PROFEPA"). PROFEPA monitors compliance with environmental legislation and enforces Mexican environmental laws, regulations and official standards. PROFEPA may



We are a responsible social company.

In Mexico, PROFEPA must inform corresponding authorities regarding environmental non-compliance.

We comply with the Federal General Law of Ecological Balance and Environmental Protection.

initiate administrative proceedings against companies that violate environmental laws, which in the most extreme 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 the federal criminal code, PROFEPA must inform corresponding authorities regarding environmental non-compliance.

In 2011, the General Law was amended, giving an individual or entity the ability to contest administrative acts, including environmental authorizations, permits or concessions granted, without the need to demonstrate the actual existence of harm to the environment because it will be sufficient to argue that the harm may be caused. In addition, in 2011, amendments to the Civil Federal Procedures Code (“CFPC”) were enacted. These amendments establish three categories of collective

actions by means of which 30 or more people claiming injury derived from environmental, consumer protection, financial services and economic competition issues will be considered to be sufficient in order to have a legitimate interest to seek through a civil procedure restitution or economic compensation or suspension of the activities from which the alleged injury derived. The amendments to the CFPC may result in more litigation, with plaintiffs seeking remedies, including suspension of the activities alleged to cause harm.

In 2013, the Environmental Liability Federal Law was enacted. The law establishes general guidelines in order to determine which environmental actions will be considered to cause environmental harm that will give rise to administrative responsibilities (remediation or compensations), criminal responsibilities as well as monetary fines.



On August 6, 2014, an accidental spill of approximately 40,000 cubic meters of copper sulfate solution occurred at a leaching pond that was under construction ten kilometers away from the mine of Buenavista del Cobre, S.A. de C.V. (“BVC”) a subsidiary of the Company. The accident was caused by a rock collapse that affected the system’s pumping station and by a construction defect in the seal of a pipe in the leaching system containment dam, a part of the new SX-EW III plant. This solution reached the Bacanuchi River and the Sonora River. Immediate actions were taken in order to contain the spill, and to comply with all the legal requirements.

The National Water Commission, the Federal Commission for the Protection against Sanitary and PROFEPA initiated administrative proceedings regarding the spill to determine possible environmental and health damages. On August 19, 2014, PROFEPA, as part of the administrative proceeding initiated after the spill,

announced the filing of a criminal complaint against BVC in order to determine the responsibility for the environmental damages. The Company is vigorously defending itself against this complaint. As of December 31, 2015, the case remains in the procedural stages and it is still pending resolution. On September 15, 2014, BVC executed an administrative agreement with PROFEPA, providing for the submission of a remediation action plan to the Mexican Ministry of Environment and Natural Resources (Secretaria de Medio Ambiente y Recursos Naturales “SEMARNAT”). The remediation program submitted to SEMARNAT was approved on January 6, 2015. This program will be developed in five zones along the rivers. As of December 31, 2015, the Company informed SEMARNAT of the conclusion of the clean-up and soil remediation actions in phase one of zone one. Remediation activities in phase two of zone one are expected to be concluded in February 2016. The Company has already obtained approval of the monitoring programs for zones two to five.



The Company also created a trust with Nacional Financiera S.N.C., a Mexican development bank, acting as a Trustee to serve as a vehicle to support environmental remedial actions in connection with the spill, to comply with the remedial action plan and to compensate for damages caused to persons adversely affected by the spill. The Company committed up to two billion Mexican pesos (approximately \$150 million) of which approximately one billion Mexican pesos have already been contributed. A technical committee of the trust was created with representatives from the federal government, the Company and specialists assisted by a team of environmental experts to ensure the proper use of the funds. Along with the administrative agreement executed with PROFEPA, the trust serves as an alternative mechanism for dispute resolution to mitigate public and private litigation risks.

Independently of the execution of the administrative agreement with PROFEPA and the creation of the above mentioned trust, the Company has taken actions to clean the sites since the day of the copper solution spill. On August 29, 2014, the Company hired contractors to clean the river utilizing more than 1,200 of their workers and environmental specialists.

The Company developed a service program for the residents of the Sonora River Region, Mexico.

In addition, the Company developed a service program for the residents of the Sonora River Region, including (i) water distribution provisions, and infrastructure development within the affected region, (ii) the expansion of the current Community Development program to communities further downstream that were affected and previously not within the scope of the Company's program, (iii) attention to local farmers and producers in coordination with the Federal Agriculture, Livestock, Rural Development, Fisheries, and Alimentations Ministry in order to revamp and promote the activities of local farmers and producers, (iv) the implementation of sustainable productive projects at each affected site, as well as (v) the establishment of service desks to attend specific cases.

On March 2, 2015 as a result of four administrative proceedings, PROFEPA imposed administrative fines on BVC for an aggregate amount of 23.5 million Mexican pesos (approximately \$1.7 million).

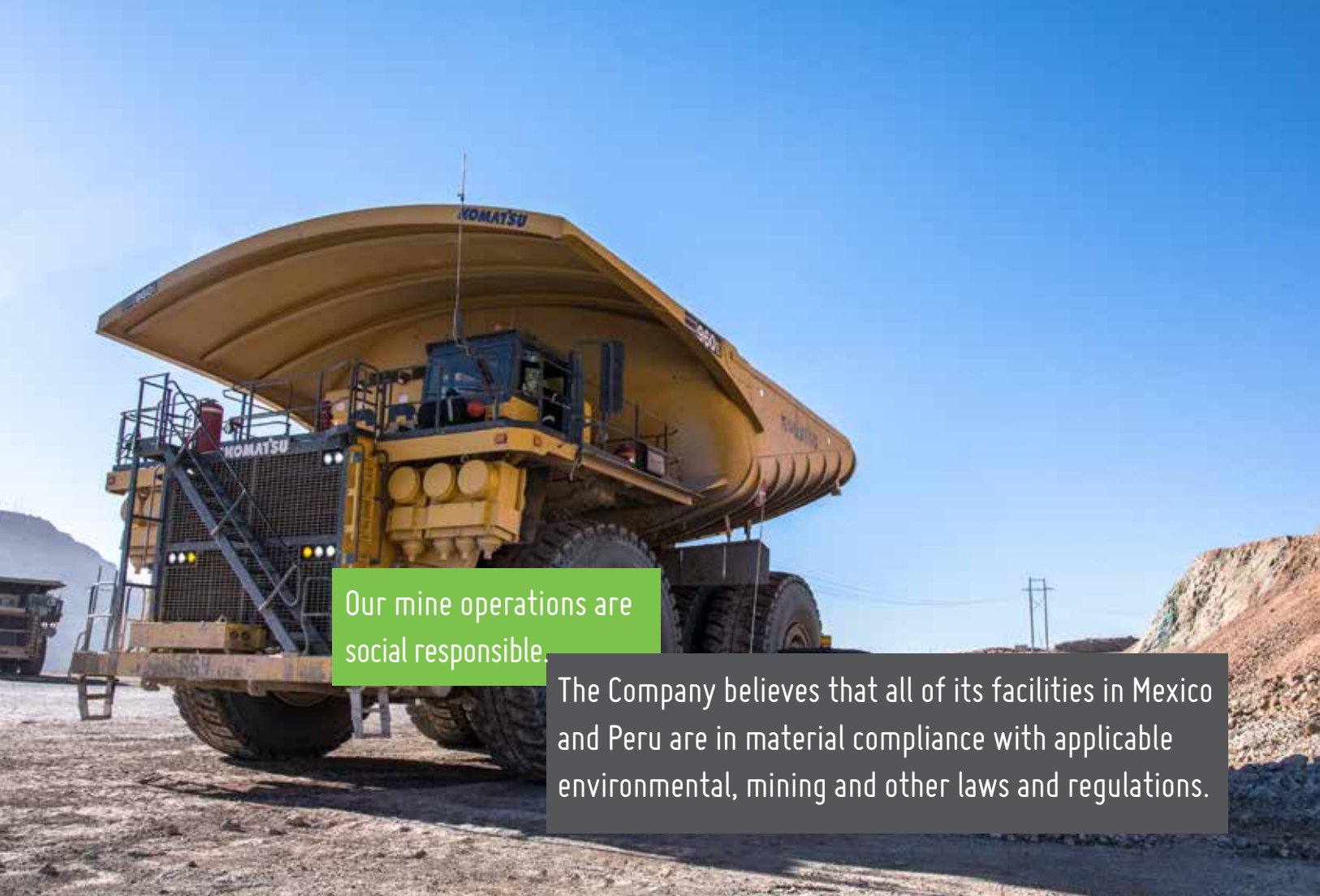
The Company reasonably considers that none of the legal proceedings resulting from the spill, individually or in the aggregate, would have a material effect on its financial position or results of operations.

#### PERUVIAN OPERATIONS

The Company's operations are subject to applicable Peruvian environmental laws and regulations. The Peruvian government, through the Ministry of Environment ("MINAM") conducts annual audits of the Company's Peruvian mining and metallurgical operations. Through these environmental audits, matters related to environmental obligation, compliance with legal requirements, atmospheric emissions, effluent monitoring and waste management are reviewed.

The Company believes that it is in material compliance with applicable Peruvian environmental laws and regulations. Peruvian law requires that companies in the mining industry provide assurances for future closure and remediation. In accordance with the requirements of this






Our mine operations are social responsible.

The Company believes that all of its facilities in Mexico and Peru are in material compliance with applicable environmental, mining and other laws and regulations.

law, the Company's closure plans were approved by MINEM. As part of the closure plans, the Company is providing guarantees to ensure that sufficient funds will be available for the asset retirement obligation. See Note 10 "Asset retirement obligation," for further discussion of this matter. In accordance with the requirements of the law, in 2015 the Company submitted the closure plans for the Tia Maria project and for the Toquepala expansion. The process of review and approval of closure plans usually takes several months.

In 2008, the Peruvian government enacted environmental regulations establishing more stringent air quality standards ("AQS") for daily sulfur dioxide ("SO<sub>2</sub>") in the air for the Peruvian territory. These regulations, as amended in 2013, recognize distinct zones/areas, as atmospheric basins. Those areas with a mean 24-hour SO<sub>2</sub> concentration equal or less than 20 micrograms per cubic meter ("ug/m<sup>3</sup>") are required to develop programs to maintain this level of compliance. Those areas or

The Company is providing guarantees to ensure that sufficient funds will be available for the asset retirement obligation.



MINAM has established three atmospheric basins that require further attention to comply with  $80\text{ug}/\text{m}^3$  of  $\text{SO}_2$ .

cities exceeding the mean 24-hour  $\text{SO}_2$  concentration of  $20\text{ug}/\text{m}^3$  will be required to establish an action plan to address this problem and are required to achieve the  $20\text{ug}/\text{m}^3$  AQS in the future. Meanwhile they are required to achieve mean 24-hour AQS equal to  $80\text{ug}/\text{m}^3$  of  $\text{SO}_2$ .

MINAM has established three atmospheric basins that require further attention to comply with  $80\text{ug}/\text{m}^3$  of  $\text{SO}_2$ . The Ilo basin is one of these three areas and the Company's smelter and refinery are part of the area. A supreme decree issued on April 8, 2014, indicates that mining companies should review their compliance with these regulations and develop a modification plan to reach compliance. The Company continues working with an environmental technical study group, established by a MINAM resolution to identify activities, goals, deadlines, timetables and to develop an action plan in order to achieve compliance.

While the Company believes that a potential loss contingency may exist, it cannot currently estimate the

amount of such contingency. The Company and other industries affected by this supreme decree believe that the lack of further regulations and direction from the government has delayed the full review and analysis of the necessary actions to establish compliance. Pending further government action, the Company will continue to work with its study group to analyze this issue. Furthermore, the Company does not believe it can estimate a reasonable range of possible costs until additional direction is received from the government. Therefore, currently the Company is not able to disclose a range of costs that is meaningful.

In 2013, the Peruvian government enacted new soil environmental quality standards ("SQS") applicable to any existing facility or project that generates or could generate risk of soil contamination in its area of operation or influence. In March 2014, MINAM issued a supreme decree which establishes additional provisions for the gradual implementation of SQS. Under this rule



the Company had twelve months to identify contaminated sites in and around its facilities and present a report of identified contaminated sites. This report was submitted to MINEM in April 2015. After a review, MINEM should evaluate and issue a report to the Company which will allow it to continue with the next phase. Currently, the Company is awaiting an official response from MINEM. Once MINEM notifies the Company, it must prepare a characterization study to determine the depth, extent and physio-chemical composition of the contaminated areas and to define an appropriate remediation plan and the time-frame in which it will take place. In addition, the Company must submit for approval a Soil Decontamination Plan (SDP) within 24 months after being notified by the authority. This SDP shall include remediation actions, a schedule and compliance deadlines. Also, under this rule, if deemed necessary, the Company may request a one year extension for the decontamination plan, given sound justification.

Soil confirmation tests must be carried out after completion of decontamination actions (within the approved schedule) and results must be presented to authorities within 30 days after receiving such results. Non-compliance with this obligation or with decontamination



The Company believes that all of its facilities in Mexico and Peru are in material compliance with applicable environmental, mining and other laws and regulations.

goals will carry penalties, although no specific sanctions have been established yet. During compliance schedule, companies cannot be penalized for non-compliance with the SQS.

While the Company believes that there is a reasonable possibility that a potential loss contingency may exist, it cannot currently estimate the amount of the contingency. The Company believes that a reasonable determination of the loss will be possible once the characterization study and the SDP are substantially completed. Then the Company will be in a position to estimate the remediation cost. Further, the Company does not believe that it can estimate a reasonable range of possible costs until the noted studies have progressed substantially and therefore is not be able to disclose a range of costs that is meaningful.

The Company believes that all of its facilities in Mexico and Peru are in material compliance with applicable environmental, mining and other laws and regulations.

The Company also believes that continued compliance with environmental laws of Mexico and Peru will not have a material adverse effect on the Company's business, properties, result of operations, financial condition or prospects and will not result in material capital expenditures.

# GENERAL INFORMATION





Our mines, smelters & refineries are located in Mexico and Peru.

Southern Copper Corporation is one of the largest integrated copper producers in the world.

We produce copper, molybdenum, zinc, lead, coal and silver.



## GENERAL INFORMATION

Information related to its constitution and their inscription in the Public Registry: See: “Brief historical review from the constitution of the Company” on page 75. Brief Description: Southern Copper Corporation is one of the largest integrated copper producers in the world. We produce copper, molybdenum, zinc, lead, coal and silver. All of our mining, smelting and refining facilities are located in Peru and in Mexico and we conduct exploration activities in those countries and in Chile, Ecuador and Argentina. Our operations make us one of the largest mining companies in Peru and also in Mexico. We are one of the largest copper mining companies in the world with significant copper reserves. We were incorporated in Delaware in 1952 and have conducted copper mining operations since 1960. Since 1996, our common stock has been listed on both the New York and the Lima Stock Exchanges.



Our Peruvian copper operations involve mining, milling and flotation of copper ore to produce copper concentrates and molybdenum concentrates, the smelting of copper concentrates to produce anode copper, and the refining of anode copper to produce copper cathodes. As part of this production process, we also produce significant amounts of molybdenum concentrate and refined silver. We also produce refined copper using SX/EW technology. We operate the Toquepala and Cuajone mines high in the Andes Mountains, approximately 860 kilometers southeast of the city of Lima, Peru. We also operate a smelter and refinery west of the Toquepala and Cuajone mines in the coastal city of Ilo, Peru.

Our Mexican operations are conducted through our subsidiary, Minera Mexico S.A. de C.V. ("Minera Mexico"), which we acquired in 2005. Minera Mexico engages principally in the mining and processing of copper, molybdenum, zinc, silver, gold and lead. Minera Mexico operates through subsidiaries that are grouped into three separate units. Mexicana de Cobre S.A. de C.V. (together with its subsidiaries, the "Mexcobre unit") operates La Caridad, an open-pit copper mine, a copper ore concentrator, a SX/EW plant, a smelter, refinery and a rod plant.

Operadora de Minas e Instalaciones Mineras S.A de C.V. (the "Buenavista unit") Operates Buenavista, formerly named Cananea, an open-pit copper mine, which is located at the site of one of the world's largest copper ore deposits, a copper concentrator and two

SX/EW plants. The Buenavista mine was operated until December 11, 2010 by Mexicana de Cananea S.A. de C.V. and by Buenavista del Cobre S.A. de C.V. from that date until July 2012. Industrial Minera Mexico, S.A. de C.V. (together with its subsidiaries, the "IMMSA unit") operates five underground mines that produce zinc, lead, copper, silver and gold, a coal mine and a zinc refinery. Effective February 1, 2012, Minerales Metalicos del Norte S.A. was merged with Industrial Minera Mexico S.A. de C.V. (IMMSA). IMMSA absorbed Minerales Metalicos del Norte S.A.

We utilize modern/state of the art mining and processing methods, including global positioning systems and computerized mining operations. Our operations have a high level of vertical integration that allows us to manage the entire production process, from the mining of the ore to the production of refined copper and other products and most related transport and logistics functions, using our own facilities, employees and equipment.

**Minera Mexico engages principally in the mining and processing of copper, molybdenum, zinc, silver, gold and lead.**

## ECONOMIC GROUP

SCC, indirectly, is part of “Grupo Mexico S.A.B. de C.V.” which owns 100% of Americas Mining Corporation (“AMC”).

NAME OF THE COMPANY	SEVERAL ACTIVITIES	LOCATION	INSCRIPTION IN THE RPMV	%
1	Grupo Mexico, S.A.B. de C. V.	Mexico		
2	Grupo Mexico Servicios, S.A. de C.V.	Mexico		100
<b>ACTIVIDADES DE TRANSPORTE FERROVIARIO</b>				
3	Infraestructura y Transportes Mexico, S.A. de C. V.	Mexico		100
<b>MINING ACTIVITIES</b>				
4	Americas Mining Corporation (“AMC”)	EE.UU.		100
5	Southern Copper Corporation (SCC)	EE.UU.		88.57
6	Americas Sales Company, Inc.	EE.UU.		100
7	Minera Mexico, S. A. de C. V.	Mexico		99.96
8	Industrial Minera Mexico, S.A. de C. V.	Mexico		100
9	Buenavista del Cobre, S.A. de C. V.	Mexico		100
10	Mexicana de Cobre, S.A. de C. V.	Mexico		98.2
11	Mexicana del Arco, S.A. de C.V.	Mexico		100
12	Minera Mexico Internacional, Inc.	EE.UU.		100
13	Operadora de Minas e instalaciones Mineras, S.A. de C.V.	Mexico		100
14	Servicios de Apoyo Administrativo, S.A. de C.V.	Mexico		100
15	Southern Peru Limited	EE.UU.		100
16	Southern Peru Copper Corporation, Agencia en Chile	Chile		100
17	Southern Peru Copper Corporation, Sucursal del Peru	Peru	✓	99.29 <sup>1</sup>
18	Compañía Minera Los Tolmos, S.A.	Peru		97.31

<sup>1</sup> Include 82.69% of common shares and 16.60% of investment shares.





**CORPORATE CAPITAL AND COMMON STOCK**

The authorized number of shares

Shares

2,000,000,000

Issues an Paid Capital: Common Shares

884,596,086

Nominal Value of Common Shares

\$ 0.01

**TOTAL NUMBER AND PERCENT OF SHARES**

Americas Mining Corporation

Shares

687,275,997

Interest

88.6%

Common Shares

88,666,273

11.4%

**Total**

775,942,270

100.0%

**OPERATIONS IN MEXICO****LA CARIDAD MINE**

“La Caridad Concentrator” started operations in 1979. The concentrator has a current capacity of 94,500 tons of ore per day. “Molybdenum Plant” started operations in 1982, with a production capacity of 2,000 tons of copper-molybdenum concentrate per day.

“La Caridad SX-EW” has an annual production capacity of 21,900 tons of copper cathodes. Approximately 663.3 million tons of leach ore with an average grade of approximately 0.247% copper have been extracted from the La Caridad open-pit mine and deposited in leaching dumps from May 1995 to December 31, 2012.

**LA CARIDAD METALLURGIC COMPLEX**

La Caridad Smelter started operations in July, 1986, with a production capacity of 493 tons of anode per day and was expanded to 822 tons in March, 1997. The actual installed capacity of the smelter is 1,000,000 tons per year.



“La Caridad Refinery” started operations in July, 1997, with a production capacity of 493 tons of copper cathode per day and was expanded to 822 tons in January, 1998. The installed capacity of the refinery is 300,000 tons per year.

“La Caridad Precious Metals Plant” started operations in May, 1999, with a production capacity of 43,836 ounces of silver per day, 247 ounces of gold per day and 342 kilograms of selenium per day.

“La Caridad Wire Rod Plant” started operating in April, 1998, with a production capacity of 300 tons of wire rod per day and was expanded to 411 tons in March 1999.

### **BUENAVISTA MINE**

“Buena Vista Concentrator” started operating in September, 1986, with a capacity of 62,500 tons per day; the capacity was expanded to 70,000 tons in 1988 and to 76,700 tons in 1998.

“Buena Vista SX/EW I Plant” started operating in 1980, with a capacity of 30 tons per day.

“Buena Vista SX/EW II Plant” started operating in 1989, with a capacity of 66 tons per day and was expanded to 120 tons per day in 2001.

“Buena Vista SX/EW III Plant” started operating during the fourth quarter of 2014, we completed the construction of a new SX-EW plant that will significantly increase production of leachable material by approximately 120,000 tons per year. (See 10K, on page 64).

### **UNDERGROUND MINES**

- 1.- The Santa Barbara Unit with a milling capacity of 5,800 tons of ore per day.
- 2.- The Santa Eulalia Unit with a milling capacity of 1,450 tons of ore per day.
- 3.- The San Martin Unit with a milling capacity of 4,400 tons of ore per day.



- 4.- The Charcas Unit with a milling capacity of 4,100 tons of ore per day.
- 5.- The Taxco Unit with a milling capacity of 2,000 tons per day.
- 6.- Coquizadora Coal Plant, in Coahuila Unit, with a capacity of 105,000 tons of coke per year.
- 7.- The Zinc Refinery with a capacity of 288 tons per day.

## PERUVIAN OPERATIONS

### TOQUEPALA

**1. “Toquepala Concentrator”**. 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 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 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 MT per day.

**2. “Toquepala Leaching Plant (SX/EW)”**. 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.

Based on Report No. 663-98-EM-DGM/DPDM dated November 10, 1998 the “Director General de Minería” authorized construction and expansion of Toquepala SX/EW plant to 18,737 tons/day throughput. Directorial Resolution dated May 19, 2003, based on Report No. 291-2003-EM-DGM/DPDM, authorized operation of the SX/EW plant to a throughput of 18,737 tons/day.

## CUAJONE

**1. “Botiflaca Concentrator” in Cuajone.** Directorial Resolution No. 150-81-EM/DCM dated August 14, 1981 approved the operation of Botiflaca Concentrator. The resolution granted 56 hectares of surface land.

Based on Report No. 266-99-EM/DGM/DPDM dated July 20, 1999 the “Director General de Minería” authorized the expansion of Botiflaca Concentrator to 87,000 MT per day throughput.

Resolution N° 379-2010-MEM-DGM/V dated October 7, 2010, based on Report N°312-2010-MEM-DGM-DTM/PB, authorized construction and expansion of Botiflaca Concentrator to 90,000 MT per day throughput.

For operating reasons as part of the crusher process optimization, on november 18, 2011, we requested to the Peruvian authorities through



SCC, mining that  
generates progress.





Left: Sulfuric acid plants.

Right: Ilo smelter, Peru.

Sulfuric acid is also used in leaching operations in Toquepala and Cuajone.

resources N° 214491 to add three additional facilities (HPGR mill and others).

With Directorial Resolution N° 153-2012-MEM-DGM-V based on report 165-2012-MEM-DGM-DTM-PB. MEM approved and authorized the project to include three additional facilities aforementioned on the procedure of the amendment and increase of the installed capacity from 87,000 to 90,000 MT per day.

**2. “Cuajone Leaching Plant (LX/EW)”.** 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 MT per day. Based on Report No. 988-2009-MEM-DGM/V, dated December 16, 2009, Cuajone SX plant operation was approved and

authorized the of the, with a capacity of 3100 MT per day.

## ILO

**1. Ilo Smelter: Authorized (definitely) by Directorial Resolution.** No. 078-69-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 MT per day throughput of copper concentrates.

On February 4, 2010, the Company began the process to obtain authorization from the MINEM to operate a

capacity of 3,770 MT per day, which is included as an ancillary facility to Acid Plant No. 2, with a capacity of 2,880 MT per day or 1,051,200 MT per year.

**2. “Ilo Refinery”:** 1. 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 533 MT per day throughput of blister copper.

Based on Report No. 506-97-EM/DGM/DPDM dated September 2, 1998 the “Director General de Minería” authorized the expansion of Ilo Copper Refinery to a capacity of 658 MT per day throughput.

Based on Report N° 080-2002-EM-DGM/DPDM, dated March 14, 2002, the “Director General de Minería” authorized the expansion of the Ilo Copper Refinery to a capacity of 800 MT per day.

Resolution N°520-2010-MEM-DGM/V dated December 30, 2010, based on Report N° N°414-2010-MEM-DGM-DTM/PB, authorized changes in Ilo copper refinery without expanded its capacity throughput.

**3. “Sulfuric Acid Plant”.** Authorized by Directorial Resolution No. 024-96-EM/DGM dated January 19, 1996, approved the operation of the sulfuric acid plant, installed at the smelter, at a production rate of 150,000 tons per year.



Ilo copper refinery,  
Peru.

The Ilo copper  
refinery has a  
capacity of 800 MT  
per day.

Based on Report No. 313-98-EM/DGM/DPDM dated May 21, 1998 the “Director General de Minería”, authorized the expansion of the Ilo Sulfuric Acid Plant to a capacity of 300,000 tons per year production.

**4. “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 95 TC/h of raw material (coquina) recovered from nearby mines. Seashell is produced separating sand and other materials from the coquina using sea water washing screens.

Resolution N°038-2011-MEM-DGM-DTM/PB dated February 2, 2012, based on Report N°035-2011-MEM-DGM-DTM/PB, authorized modification in the concession of “Coquina Wash Plant and Sea shell Concentrates” to a classified dry sea shell plant without expanded its capacity throughput, which represents 2,068 tons/day.





Buenvista del Cobre.

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

### THE 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, molybdenum, gold, silver, lead, zinc, iron and any other class of minerals and materials or other materials, effects and goods of any nature or description; as well as to explore, exploit, sample, examine, investigate, recognize, locate, appraise, buy, sell, exchange, etc., mining concessions and mining deposits. SCC belongs to the CIU 1320 group.

The term of duration of the Company is indefinite.

### BRIEF HISTORICAL REVIEW FROM THE CONSTITUTION OF THE COMPANY:

The Company was organized on December 12, 1952, according to the Laws of the State of Delaware of the United States of America, under the original denomination of Southern Peru Copper Corporation ("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 COMPANY 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 INVESTMENT SHARES (LABOR SHARES) FOR COMMON SHARES:**

Dated September 7, 1995, "Southern Peru Copper Holding Company" was also incorporated pursuant to the Laws of the State of Delaware, aiming at acting as a holding company that owns all Southern Peru Copper Corporation shares, and at performing an exchange of the shares that were then called "Labor Shares" (today Investment Shares) issued by the branch in Peru, delivering 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, former owners of Labor Shares acquired 17.31% of SPCC's Capital, and this company acquired ownership of 80.77% of Labor Shares (today Investment Shares).

On December 31, 1995, Southern Peru Copper Corporation changed its corporate name to "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 the 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, who keeps its shareholding through Americas Mining Company (AMC).

#### **ACQUISITION OF MINERA MEXICO (“MM”), AND OTHER CORPORATE CHANGES:**

SCC shareholders, in a shareholder extraordinary meeting dated March 28, 2005, approved issuance of Common Shares and required actions related to the acquisition of MM, a firm incorporated pursuant to the Laws of the Republic of Mexico. This transaction was approved by more than 90% of the stocks and circulating capital of SCC. To acquire Minera Mexico, SCC issued 67,207,640 shares in exchange for MM shares. Once the shares related to the acquisition were issued, AMC increased its share in SCC from 54.2% to approximately 75.1%.

#### **AMC Increased its Participation in SCC**

In 2008 and 2009 Grupo Mexico, through its wholly owned subsidiary AMC, purchased 11.8 million and 4.9 million shares of the Company’s common Stock, respectively.



### **SCC \$500 Million Share Repurchase Program**

In 2008, the Company's Board of Directors ("BOD") authorized a \$500 million share repurchase program that has since been increased by the BOD and is currently authorized to \$3 billion. Pursuant to this program, the Company purchased common stock from 2008 to December 31, 2015. The Company purchased 116.6 million shares of its common stock for \$2,846.6 million. These shares are available for general corporate purposes. The Company may purchase additional shares of its common stock from time to time, based on market conditions and other factors. This repurchase program has no expiration date and may be modified or discontinued at any time.

At December 31, 2015, Grupo Mexico indirect ownership is 88.6%.

### **CHANGE IN THE CERTIFICATE OF INCORPORATION:**

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

### **SPECIAL INDEPENDENT DIRECTOR:**

The changes to the Articles of Incorporation Deed 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 minimum number of special independent directors in that Directory 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 following integer 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 Nominating Committee**

The Special Nominating Committee functions as a special committee to nominate special independent directors to the Board. Pursuant to our Amended and Restated Certificate of Incorporation, as amended, a special independent director is any director who (i) satisfies the independence requirements of the New York Stock Exchange or NYSE (or any other exchange or association on which the Common Stock is listed) and (ii) is nominated by the Special Nominating Committee. The Special Nominating Committee has the right to nominate a number of special independent directors based on the percentage of our Common Stock owned by all holders of our Common Stock, other than Grupo Mexico and its affiliates.



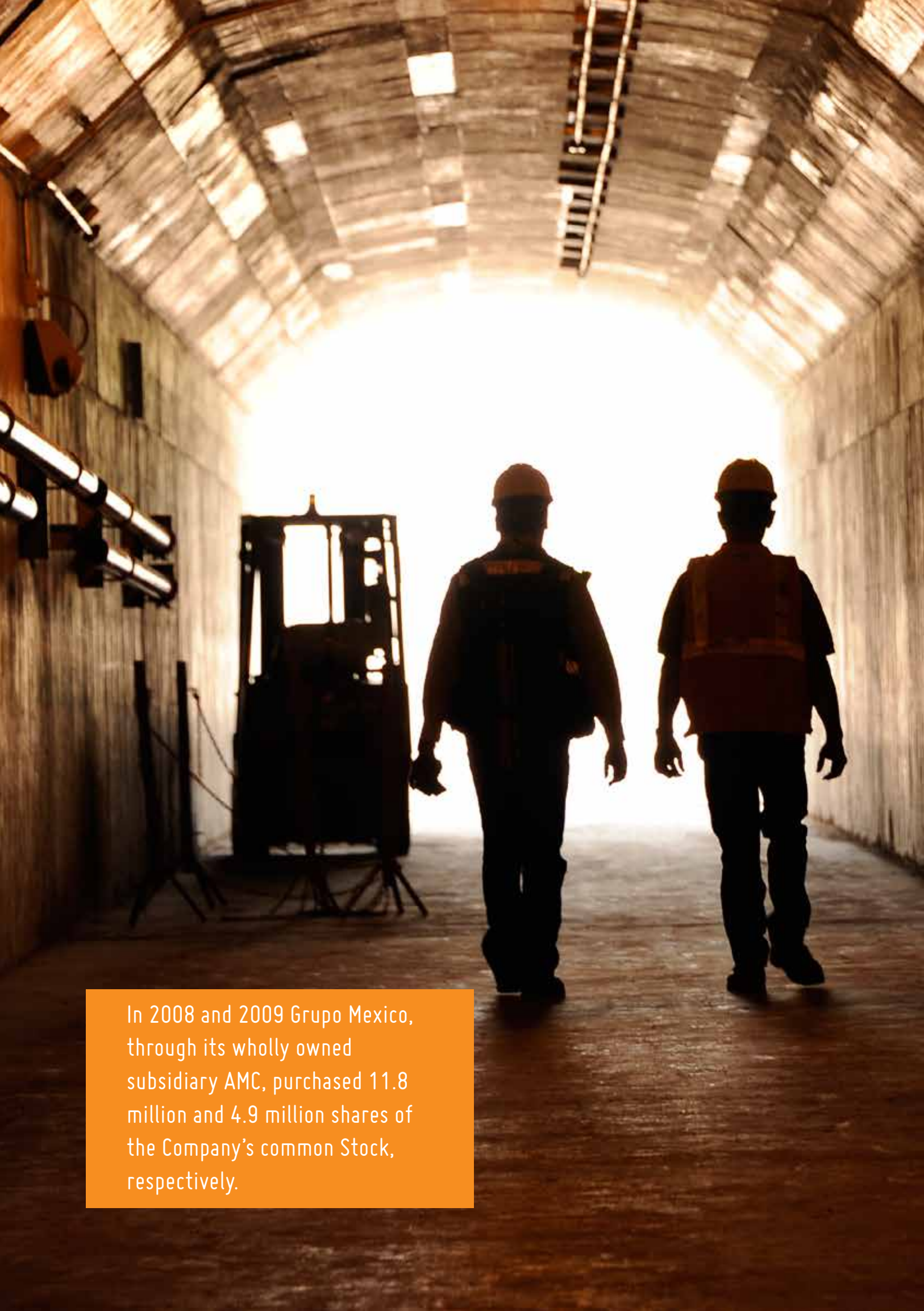
Grupo Mexico is indirectly owner of 88.6% of SCC shares.

The Special Nominating Committee consists of two directors (2) of whom are Luis Miguel Palomino and Carlos Ruiz Sacristan (each an “Initial Member” and, together with their successors, “Special Designees”) and such other director, currently Xavier Garcia de Quevedo Topete, as may be appointed by the Board of Directors or the “Board Designee”. The Board Designee will be selected annually by the Board of Directors. The Special Designees will be selected annually by the members of the Board who are special independent directors or Initial Members. Only special independent directors can fill vacancies on the Special Nominating Committee. Any member of the Special Nominating Committee may be removed at any time by the Board of Directors for cause. The unanimous vote of all members of the nominating committee will be necessary for the adoption of any resolution or the taking of any action.

Our Amended and Restated Certificate of Incorporation, as amended, provides that the minimum number of special independent directors on the Board of Directors at any given time shall be equal to (a) the total number of directors on the Board of Directors multiplied by (b) the percentage of Common Stock owned by all of the stockholders (other than Grupo Mexico and its affiliates), rounded up to the next whole number. Notwithstanding the foregoing, the total number of persons nominated as special independent directors cannot be less than two or greater than six.

Notwithstanding the foregoing, the power of the Special Nominating Committee to nominate special independent directors is subject to the rights of the stockholders to make nominations in accordance with our by-laws.

The provisions of the Amended and Restated Certificate of Incorporation, as amended, relating to special independent directors may only be amended by the affirmative vote of a majority of the holders of shares



In 2008 and 2009 Grupo Mexico, through its wholly owned subsidiary AMC, purchased 11.8 million and 4.9 million shares of the Company's common Stock, respectively.



of Common Stock (calculated without giving effect to any super majority voting rights) other than Grupo Mexico and its affiliates.

#### TRANSACTIONS WITH AFFILIATES:

Amendments to the Deed also prohibit the Company to commit in important transactions with the affiliates, except if the transaction has been revised 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. An important transaction of the affiliate is defined as an important 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 \$10.0 million.

#### 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 operational reach outside the Republic of Peru after its acquisition of Minera Mexico and the latter's presence in the Republic of Chile through the

acquisition of some mining exploration concessions, and its exploration activities in the Republics of Argentina and Ecuador.

Additionally, on the same date, the majority shareholder approved an amendment of our Articles of Incorporation Deed to remove others' provisions in our Deed related with our Class A Common Shares that were formerly in circulation, which were converted to Common Shares on May 19, 2005, and to change the number of Corporate directors from fifteen to a number that will be regularly established following agreement of most of Board members stipulating the number of directors will not be less than six or more than fifteen.

The Deed 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 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 in good name in



Copper  
cathodes.

SCC produces LME  
grade A copper  
cathodes.

Our copper cathodes  
exceeds 99.99% of  
copper.

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 to 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**

Dated January 26, 2006, the Board approved amendment to Southern Copper Corporation’s bylaws (i) aiming at removing the provisions related to Class A Common Shares among other changes.(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 (iv) and 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 bylaws; (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 88.6% of SCC shares.



Southern Copper Corporation is one of the largest copper producers in the world and expects to duplicate its production with its expansion programs.

#### INFORMATION ABOUT PLANS AND INVESTMENT POLICIES:

See Capital Expenditures and Exploration on page 16.

#### **Relationship between the Issuer and the Government**

On November 20, 1996, SCC and the Peruvian Government (Ministry of Energy and Mines) signed a contract that remained effective until the year 2010 and guaranteed 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 remained effective during ten years and guaranteed 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 refunds 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 these refunds, SCC is entitled to credit the amount of the IGV against its Peruvian tax obligations or to receive a refund.

#### **Special Mining tax**

In September 2011, the Peruvian government enacted a new tax for the mining industry. This tax is based on operating income and its rate ranges from 2% to 8.4%. It begins at 2% for the first 10% of operating income margin and for each additional 5% of operating income margin is increased by an additional rate of 0.4% until 85% of operating income margin is reached.

#### **Mining Royalty**

In September 2011, the Peruvian Congress approved an amendment to the mining royalty charge. The new mining royalty charge is based on operating income margins with graduated rates ranging from 1% to 12%, with a minimum royalty charge assessed at 1% of net sales. If the operating income margin is 10% or less, the royalty charge is 1% and for each 5% increment in the operating income margin, the royalty charge rate increases by 0.75%, up to a maximum of 12%.

## OPERATIONS IN MEXICO 2015

In Southern Copper Corporation, caring for the life, health and integrity of our employees and their families is the number one priority in all our operations. No task is more important.

Accordingly, our main commitment is to create optimal and safe work environments for our employees, applying the highest safety and occupational health standards. Our goal: ZERO accidents.

An Integrated Occupational Health and Safety Management System allows us to implement effective processes and provide our employees knowledge and skills necessary for the identification, control and mitigation of risks, prioritizing actions and the necessary care in preventing accidents.

**In 2015, we maintained 12 units in Mexico and Peru whose Occupational Safety and Health Management System have been certified according to OHSAS 18001: 2007.**

In 2015 we maintained 12 units in Mexico and Peru whose Occupational Safety and Health Management System, have been certified according to OHSAS 18001: 2007. Additionally, in Mexico we have 18 units certified with the Secretariat of Labour and Social Welfare in Self-Managed Occupational Health and Safety (PASST), endorsing our commitment to best practices in health and safety at work.

The accomplishments achieved in 2015 on occupational health and safety include:

- The Mining Chamber of Mexico (CAMIMEX) awarded the “Jorge Rangel Zamorano” Silver Helmet Trophy to the SX-EW plant of Mexicana de Cobre and SX-EW plant of Buenavista del Cobre, for achieving the lowest recorded accident rates in the industry, as for his efforts in the field of accident prevention.
- The occupational accident rates at our mining operations in Mexico are 54% below de national average.



- In Peru, it was launched the process Safety Based on Behavior (SBC), which aims to reinforce safe behavior of individuals through observation and feedback during the performance of daily work, creating a positive environment that encourages participation and pride in the efforts to create a safe working environment.
- A total of 5 colonies, 6 workplaces and 4 schools were certified as Healthy Environments. The certification issued by the Ministry of Health recognizes the actions of the Company to make joint efforts to improve the health of its people.

As a result of the work and commitment of our people to safety and health, at the end of 2015 the accident rate (IR) decreased significantly from 1.01 in 2013 to 0.72 in 2015. In the past five years, SCC has reduced its rate of accidents by 41% and the severity of them by 70%, showing that our activities to identify and address risks have significantly reduced the frequency and severity of accidents in our mining operations.

These results reflect the efforts in our culture of safety activities, the implementation of inspection plans and, especially, the work and commitment of our employees.

## OCCUPATIONAL HEALTH

Healthy environments are part of the organizational culture and management system, as a responsibility of the Company that establishes a culture of involvement, participation and commitment to generate better health conditions that lead to improving the quality of life of our employees, their families and the communities in which we operate.

During 2015, we reduced our rate of occupational diseases by 75% as a result of the various programs on education, prevention and control of risks, as well as on treatment of diseases. These programs are offered to our employees and, in some cases, to their families, contractors, suppliers, institutions and the general public.



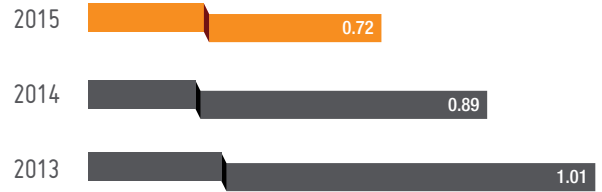
We maintain a focus on gender equality.

We have highly competitive female staff.

SCC values good performance of its personnel.

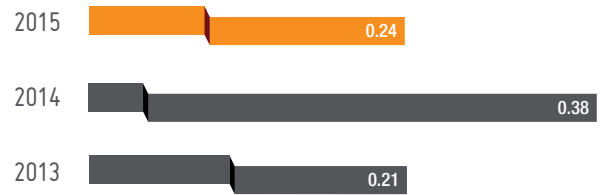


### ACCIDENT RATE (IR), SCC, 2013 - 2015



$$IR = \frac{\text{No. of disabling accidents}}{\text{No. of total - men hours worked}} \times 200,000$$

### SEVERITY RATE (GR), SCC, 2013 - 2015



$$GR = \frac{\text{No. of days lost}}{\text{No. of total - men hours worked}} \times 1,000$$

### OCCUPATIONAL DISEASE RATE (ODR), SCC, 2013 - 2015



$$ODR = \frac{\text{No. of cases of occupational diseases}}{\text{No. of total - men hours worked}} \times 200,000$$



## ACTIVIDADES DIRIGIDAS A:

### PERSONAL DE ENTORNO LABORAL



### FAMILIAS DE LOS TRABAJADORES Y COMUNIDAD



## INVESTMENT IN SAFETY AND HEALTH

During 2015, we invested over \$104.06 million in occupational safety and health, a 10% increase from the previous year, focusing efforts on engineering works, purchase of personal protective equipment, training, coaching, and industrial hygiene studies. In terms of occupational health, we have invested in the development, promotion and protection of health, as well as in primary prevention, treatment and rehabilitation.

## INVESTMENT IN OCCUPATIONAL SAFETY

(in Millions)

	SCC
Management costs	\$ 2.76
Training	\$ 4.49
Personal protection equipment	\$ 7.19
Industrial hygiene studies	\$ 1.03
Engineering works	\$ 81.82
<b>Total</b>	<b>\$ 97.29</b>

## INVESTMENT IN OCCUPATIONAL HEALTH

(in Millions)

	SCC
Development, Promotion and Protection of Health	\$ 0.49
Detection and prevention	\$ 0.45
Treatment	\$ 5.81
Rehabilitation	\$ 0.03
<b>Total</b>	<b>\$ 6.77</b>

## OPERATIONS IN PERU 2015

The safety and health results in 2015, for the open pit mining operations at the Toquepala and Cuajone mines, metallurgical operations at the Ilo Unit, which includes smelter and refinery plants, were as follows: Frequency Index 2.2, Severity Index 122.3 and Accidentability rate 0.3; these indicators are better, compared with 2014 rates, principally due to Severity Index (677) and Accidentability rate (1.5). In 2015, no fatal accident was registered.

In order to improve Safety rates, Southern Peru hired Safety Quality Edge to implement “Based Safety Behavior” (SBC) in its operations units, this project is ongoing and is expected the continue reducing of these rates in the next years.



Investment in  
occupational health.

More than \$6.52  
millions.



## EMPLOYEES FOR THE YEAR ENDED DECEMBER 31TH

	2015	2014	2013	2012	2011
<b>Mexican Operations</b>					
Employees	2,219	2,153	2,141	1,979	1,979
Workers	6,097	5,952	6,041	5,996	5,996
<b>Total</b>	<b>8,316</b>	<b>8,105</b>	<b>8,182</b>	<b>7,475</b>	<b>7,975</b>
<b>Peruvian Operations</b>					
Employees	2,388	2,308	2,272	2,101	2,031
Workers	2,214	2,216	2,158	2,465	2,128
<b>Total</b>	<b>4,602</b>	<b>4,524</b>	<b>4,430</b>	<b>4,566</b>	<b>4,159</b>
<b>Ecuador Office</b>					
Employees	14	14	-	-	-
Workers	38	38	-	-	-
<b>Total</b>	<b>52</b>	<b>52</b>	<b>17</b>	<b>18</b>	<b>-</b>
<b>Argentina Office</b>					
Employees	10	10	-	-	-
Workers	16	16	-	-	-
<b>Total</b>	<b>26</b>	<b>26</b>	<b>16</b>	<b>14</b>	<b>-</b>
<b>Chile Office</b>					
Employees	12	12	-	-	-
Workers	14	14	-	-	-
<b>Total</b>	<b>26</b>	<b>26</b>	<b>18</b>	<b>12</b>	<b>10</b>
<b>Corporate Office</b>					
<b>Total</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>1</b>	<b>1</b>
<b>Total Employees in SCC</b>					
Total Mexico	8,316	8,105	8,182	7,475	7,975
Total Peru	4,602	4,524	4,430	4,566	4,159
Total Ecuador	52	52	17	18	-
Total Argentina	26	26	16	14	-
Total Chile	26	26	18	12	10
Total Corporate Office	2	2	2	1	1
<b>Total</b>	<b>13,024</b>	<b>12,735</b>	<b>12,665</b>	<b>12,086</b>	<b>12,145</b>



## PRINCIPLES OF CORPORATE GOVERNANCE

Resolution from the Superintendencia de Mercado de Valores –SMV- by its acronym in Spanish) N° 00012-2014-SMV/01.

The information referred to that resolution will be submitted to the SMV 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 SCC's property.

Administrative Judicial or Arbitration Processes Litigation: See Note 13 "Commitments and Contingencies" to our Consolidated Financial Statements.

Changes of those responsible for the preparation and revision of the financial Information.

At December 31, 2015, no changes have been done.



Electrowinning plant.

SCC recovered mineral low grade of copper from its SX/EW processes, which obtains copper cathodes of 99.999% of copper.

## INFORMATION RELATED TO THE STOCK ENTERED IN THE STOCK MARKET PUBLIC

### **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 in circulation exchange for 22,959,334 common shares. These common shares are quoted in New York Stock Exchange and the Lima Stock Exchange and are entitled to one vote per share.

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

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.

At December 31, 2015, there were of record 775,942,270 shares of common stock of the Company.

On June 19, 2008 the Executive Committee of the Board of Directors declared a three-for-one split of the Company's outstanding common stock. On July 10, 2008 common shareholders of record at the close of business on June 30, 2008, received two additional shares of common stock for every share owned. The split increased the number of shares outstanding to 883,410,150 from 294,470,050.

All share and per share amounts were retroactively adjusted to reflect the stock splits.

Since 2008 and 2015, the Company and AMC had bought shares periodically.

At December 31, 2015, there were of record 775,942,270 shares of common stock of the Company, par value \$0.01 per share, outstanding.

#### **CORPORATE BONDS**

Between July 2005 and November 2012 the Company issued senior unsecured notes six times totaling \$4.2 billion as listed above. Interest on the notes is paid semi-annually in arrears. The notes rank pari passu

with each other and rank pari passu in right of payment with all of the Company's other existing and future unsecured and unsubordinated indebtedness.

The indentures relating to the notes contain certain restrictive 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. Certain of these covenants cease to be applicable before the notes mature if the Company obtains an investment grade rating. The Company obtained investment grade rating in 2005.

In addition, the Company's Mexican operations hold \$51.1 million in bonds referred above as "Yankee 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 in the debt instrument.

At December 31, 2015, the Company was in compliance with this covenant.

Please see Note 11 "Financing" for a discussion about the covenants requirements related to our long-term debt, on Form 10-K 2015.



The new production of the Buenavista mine will be processed in the new copper-molybdenum concentrator.

With an annual production capacity of 188,000 tons of copper and 2,600 tons of molybdenum.

This project has a 99% progress with an investment of \$1.16 billion out of the approved capital budget of \$1.38 billion.

## MEMBERS OF THE BOARD OF DIRECTORS AT DECEMBER 31, 2015

### GERMAN LARREA MOTA-VELASCO

#### Director.

Mr. Larrea has been Chairman of the Board of Directors since December 1999, Chief Executive Officer from December 1999 to October 2004, and a member of our Board of Directors since November 1999. He has been Chairman of the board of directors, President and Chief Executive Officer of Grupo Mexico, S.A.B. de C.V. ("Grupo Mexico") (holding) since 1994. Mr. Larrea has been Chairman of the board of directors and Chief Executive Officer of Grupo Ferroviario Mexicano, S.A. de C.V. (railroad company) since 1997. Mr. Larrea was previously Executive Vice Chairman of Grupo Mexico and has been member of the board of directors since 1981. He is also Chairman of the board of directors and Chief Executive Officer of Empresarios Industriales de Mexico, S.A. de C.V. ("EIM") (holding) and 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 a director of the Consejo Mexicano de Negocios since 1999, was a director of Banco Nacional de Mexico, S.A. (Citigroup) from 1992 to 2015 and was also a director of Grupo Televisa, S.A.B. from 1999 to 2014.

### OSCAR GONZALEZ ROCHA

#### Director.

Mr. Gonzalez Rocha has been our President since December 1999 and our President and Chief Executive Officer since October 21, 2004. He has been a director of the Company since November 1999. Mr. Gonzalez Rocha has been the President and Chief Executive Officer of Americas Mining Corporation ("AMC") since November 1, 2014 and the Chief Executive Officer and a director of Asarco LLC (integrated US copper producer), an affiliate of the Company,

since August 2010. Previously, he was the Company's President and General Director and Chief Operating Officer from December 1999 to October 20, 2004. Mr. Gonzalez Rocha has been a director of Grupo Mexico since 2002. He was General Director of Mexicana de Cobre, S.A. de C.V. from 1986 to 1999 and of Buenavista del Cobre, S.A. de C.V. (formerly Mexicana de Cananea, S.A. de C.V.) from 1990 to 1999. He was an alternate director of Grupo Mexico from 1998 to April 2002. Mr. Gonzalez Rocha is a civil engineer with a degree from the Autonomous National University of Mexico ("UNAM") in Mexico City, Mexico.

#### EMILIO CARRILLO GAMBOA

##### Director.

Mr. Carrillo Gamboa has been a director of the Company since May 30, 2003 and is our fourth independent director nominee. Mr. Carrillo Gamboa is a prominent lawyer in Mexico and has been the Senior Partner of the 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 has been Chairman of the board of The Mexico Fund, Inc. (NYSE—MXF), a nondiversified closed-end management investment company. Mr. Carrillo Gamboa held various offices with Telefonos de Mexico, S.A. de C.V. ("TELMEX") from 1960 to 1987, the most recent being that of President and Chief Executive Officer from June 1975 to June 1987. He later served

as Mexico's Ambassador to Canada from July 1987 to February 1989. Mr. Carrillo Gamboa served from 2002 through March 2010 on the board and on the audit committee of Empresas ICA, S.A.B. de C.V. (NYSE—ICA), an engineering, procurement and construction company. He has been a member of the valuation, contract review, nominating and corporate governance, and audit committees of The Mexico Fund, Inc. since 2002. Mr. Carrillo Gamboa has served on the board and audit committee of Grupo Mexico since 2004 and on the boards of Grupo Nacional Provincial S.A.B. (Mexican insurance company) since 2007, Grupo Posadas, S.A.B. de C.V. (Mexican hotel operation company) since 2006, Grupo Profuturo, S.A.B. de C.V. (Mexican insurance and pension holding company) since 2009, and Kimberly-Clark de Mexico, S.A.B. de C.V. (consumer products) since 2002. Mr. Carrillo Gamboa has a law degree from the UNAM in Mexico City, Mexico. He also attended a continuous legal education program at Georgetown University Law Center in Washington D.C., and practiced at the World Bank.

#### ALFREDO CASAR PEREZ

##### Director.

Mr. Casar Perez has been a director of the Company since October 26, 2006. He has been a member of the board of directors of Grupo Mexico since 1997. He is also a member of the board of directors of Ferrocarril Mexicano, S.A. de C.V., an affiliated company of Grupo Mexico, since 1998 and its Chief Executive Officer since 1999. From 1992 to 1999, Mr. Casar Perez served as General Director and member of the board of directors



of Compañía Perforadora Mexico, S.A. de C.V. and Mexico Compañía Constructora, S.A. de C.V., two affiliated companies of Grupo Mexico. Mr. Casar Perez served as Project Director of ISEFI, a subsidiary of Banco Internacional, in 1991 and Executive Vice President of Grupo Costamex in 1985. Mr. Casar Perez also worked for the Real Estate Firm, Agricultural Ministry, and the College of Mexico. Mr. Casar Perez holds a degree in Economics from the Autonomous Technological Institute of Mexico, ITAM, and one in Industrial Engineering from Anahuac University in Mexico City, Mexico. He also holds a Master's degree in Economics from the University of Chicago in Chicago, Illinois.

### LUIS CASTELAZO MORALES

#### Director.

Mr. Castelazo Morales has been a director of the Company since September 20, 2010. Mr. Luis Castelazo Morales has been the General Director of EIM since 2008. Mr. Castelazo Morales was previously Chief Executive Officer of Desarrollo de Ingenieria, S.A. de C.V. (DISA), a Mexican construction company, for more than ten years. Mr. Castelazo Morales has also participated in different projects in Mexico through joint ventures with Raytheon Engineers and Constructors and also with the McCarthy Construction Group. Later he, along with two colleagues, founded AGBC S.C., a firm dedicated to financial consulting and advising for investments in the Mexican stock market, where he worked for more than 15 years. Mr. Castelazo Morales holds the recognition of the AMIB (Asociacion Mexicana de Intermediarios Bursatiles) as a certified "Advisor in Investment Strategies" for the Mexican stock market. Mr. Castelazo Morales holds a degree in Civil Engineering from the Universidad Iberoamericana in Mexico City, Mexico and a Master's degree in Business Administration from the University of Texas at Austin in Austin, Texas.

**ENRIQUE CASTILLO SANCHEZ MEJORADA****Director.**

Mr. Castillo Sanchez Mejorada has been a director of the Company since July 26, 2010 and is our fifth independent director nominee. From May 2013 to date, Mr. Castillo Sanchez Mejorada has been Senior Partner of Ventura Capital Privado, S.A. de C.V. (Mexican financial company) and since October 2013 to date, he has been Chairman of the board of directors of Maxcom Telecomunicaciones, S.A.B. de C.V. (Mexican Telecommunications Company). From April 2011 to May 2013, Mr. Castillo Sanchez Mejorada was a senior advisor at Grupo Financiero Banorte, S.A.B. de C.V. ("GFNorte"). From October 2000 to March 2011, Mr. Castillo Sanchez Mejorada was the Chairman of the board of directors and Chief Executive Officer of Ixe Grupo Financiero, S.A.B. de C.V., a Mexican financial holding company that merged into GFNorte as of April 2011. In addition, from March 2007 to March 2009, Mr. Castillo Sanchez Mejorada was the President of the Mexican Banking Association (Asociacion de Bancos de Mexico). Currently, Mr. Castillo Sanchez Mejorada serves as an independent director on the boards of directors of (i) Grupo Herdez, S.A.B. de C.V., a Mexican holding company for the manufacture, sale and distribution of food products; (ii) Alfa, S.A.B. de C.V., a Mexico-based holding company that, through its subsidiaries, is engaged in the petrochemical, food processing, automotive and telecommunication sectors; (iii) Organizacion Cultiba, S.A.B. de C.V. (formerly Grupo Embotelladoras Unidas, S.A.B. de C.V.), a Mexico-based holding company primarily engaged in the beverage industry; and (iv) Medica Sur, S.A.B. de C.V., a Mexico-based company engaged in the hospital business. From April 2012 until April 2014, Mr. Castillo Sanchez Mejorada served as an independent director on the board and as a member of the audit committee of Grupo Aeroportuario del Pacifico, S.A.B. de C.V., a Mexico-based and NYSE-listed company that operates, maintains and develops 12 airports in the Pacific and central regions of Mexico. Mr. Castillo Sanchez Mejorada was a member of the board of directors of Grupo Casa Saba, S.A.B. de

C.V., a Mexican wholesale distributor of pharmaceutical, health, beauty and other consumer products and operator of a retail pharmacy chain, from April 2010 until 2013. Mr. Castillo Sanchez Mejorada has been a member of the audit committee of Alfa, S.A.B. de C.V. since 2010. Mr. Castillo Sanchez Mejorada holds a Bachelor's degree in Business Administration from the Anahuac University, in Mexico City, Mexico.

### XAVIER GARCIA DE QUEVEDO TOPETE

#### Director.

Mr. Garcia de Quevedo has been a director of the Company since November 1999. He was our Chief Operating Officer from April 12, 2005 until April 23, 2015. Since November 1, 2014 Mr. Garcia de Quevedo Topete serves as the President of the infrastructure division of Grupo Mexico, composed of the energy, gas, oil and construction subsidiaries of Grupo Mexico. He was the President and Chief Executive Officer of Southern Copper Minera Mexico from September 2001 until November 1, 2014. He was the President and Chief Executive Officer of Americas Mining Corporation from September 7, 2007 to October 31, 2014. From December 2009 to June 2010, he was Chairman and Chief Executive Officer of Asarco LLC, previously he was President of Asarco LLC from November 1999 to September 2001. Mr. Garcia de Quevedo began his professional career in 1969 with Grupo Mexico. 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 Executive Vice-President of Exploration and Development of Grupo Mexico from 1994 to 1997. He has been a director of Grupo Mexico

since April 2002. He was also Vice President of Grupo Condumex, S.A. de C.V. (telecommunications, electronic and automotive parts producer) for eight years. Mr. Garcia de Quevedo was the Chairman of the Mining Chamber of Mexico from November 2006 to August 2009. He is a chemical engineer with a degree from the UNAM in Mexico City, Mexico. He also attended a continuous business administration and finance program at the Technical Institute of Monterrey in Monterrey, Mexico.

### DANIEL MUÑIZ QUINTANILLA

#### Director.

Mr. Muñiz has been a director of the Company since May 28, 2008. Mr. Muñiz has been the Chief Financial Officer of Grupo Mexico since April 2007. Prior to joining Grupo Mexico, Mr. Muñiz was a practicing corporate finance lawyer from 1996 to 2006. During this time he worked at Cortes, Muñiz y Nuñez Sarrapy; Mijares, Angoitia, Cortes y Fuentes; and Baker & McKenzie (London and Mexico City offices). He holds a Master's degree in Financial Law from Georgetown University Law Center in Washington D.C., and a Master's degree in Business Administration from Instituto de Empresa in Madrid, Spain.

### LUIS MIGUEL PALOMINO BONILLA

#### Director.

Dr. Palomino has been a director of the Company since March 19, 2004 and is a special independent director nominee. Dr. Palomino has been Chairman of the board of directors of Aventura Plaza, S.A. (commercial real estate developer and operator) since January 2008, Manager of the Peruvian Economic Institute (economic think tank) since April 2009, Partner of Profit Consultoria

e Inversiones (a financial consulting firm) since July 2007, director of the Master in Finance Program at the University of the Pacific in Lima, Peru since July 2009, and a director and chairman of the audit committee of the Bolsa de Valores de Lima (Lima Stock Exchange) since March 2013. He was a member of the board of directors of Access SEAF SAFI from December 2007 to April 2010. Dr. Palomino was previously Principal and Senior Consultant of Proconsulta International (financial consulting) from September 2003 to June 2007. 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. Dr. 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 in Philadelphia, Pennsylvania and graduated from the Economics Program of the University of the Pacific in Lima, Peru.

### GILBERTO PEREZALONSO CIFUENTES

#### Director.

Mr. Perezalonso has been a director of the Company since June 2002 and is a special independent director nominee. Mr. Perezalonso was Chairman of the board of directors of Volaris Compañía de Aviación, S.A.P.I. de C.V. (airline) from March 2, 2011 to November 2014. He was Chief Executive Officer of Corporación Geo, S.A. de C.V. (housing construction) from February 2006 to

February 2007. Mr. Perezalonso was the Chief Executive Officer of Aeroméxico (Aerovías de México, S.A. de C.V.) (airline company) from 2004 until December 2005. From 1998 until April 2001, he was Executive Vice President of Administration and Finance of Grupo Televisa, S.A.B. (media company). From 1980 until February 1998, Mr. Perezalonso held various positions with Grupo Cifra, S.A. de C.V. (department stores), the most recent position being that of General Director of Administration and Finance. Now he is a member of the advisory council of Banco Nacional de México, S.A. de C.V. (banking), the board of directors and the investment committee of Afore Banamex (banking), the board and the investment committee of Sifore Banamex No. 1 (banking), and is a member of the boards of directors of Gigante, S.A. de C.V. (retail), Masnegocio Co. S. de R.L. de C.V. (information technology), Intellego (technology), Telefonía Móviles México, S.A. de C.V. (wireless communication), Cruz Roja Mexicana (emergency and medical services), Construction Company Marhnos (housing construction), and Fomento de Investigación y Cultura Superior, A.C. (Foundation of the Iberoamerican University). Mr. Perezalonso was a director of Cablevisión, S.A. de C.V., Grupo Televisa, S.A.B. and a member of the audit committee of Grupo Televisa, S.A.B. from March 1998 to September 2009. Mr. Perezalonso has a law degree from the Iberoamerican University in Mexico City, Mexico and a Master's degree in Business Administration from the Business Administration Graduate School for Central America (INCAE) in Nicaragua. Mr. Perezalonso has also attended a Corporate Finance program at Harvard University in Cambridge, Massachusetts.

## CARLOS RUIZ SACRISTAN

### Director.

Mr. 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 Sacristan has held various distinguished positions in the Mexican government, the most recent being that of Secretary of Communications 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. He was also the Chairman of the board of directors of Asarco LLC. Mr. Ruiz Sacristan was a member of the board of directors from 2007 to 2012 and of the audit, and environmental and technology committees of Sempra Energy (energy services). In 2012, Mr. Ruiz Sacristan was appointed Chairman and Chief Executive Officer of IEnova, the Mexican operating subsidiary of Sempra Energy. He is a member of the boards of directors of Constructora y Perforadora Latina, S.A. de C.V. (Mexican geothermal exploration and drilling company), of Banco Ve Por Mas, S.A. (Mexican bank), of OHL Concesiones Mexico (a construction and civil engineering company), and of AMAIT (an international airport in Mexico). Mr. Ruiz Sacristan holds a Bachelor's degree in Business Administration from the Anahuac University in Mexico City, Mexico, and a Master's degree in Business Administration from Northwestern University in Chicago, Illinois.

## MEMBERS OF THE BOARD OF DIRECTORS AT DECEMBER 31, 2015

German Larrea Mota-Velasco  
Oscar Gonzalez Rocha  
Emilio Carrillo Gamboa  
Alfredo Casar Perez  
Luis Castelazo Morales  
Enrique Castillo Sanchez Mejorada  
Xavier Garcia de Quevedo Topete  
Daniel Muñoz Quintanilla  
Luis Miguel Palomino Bonilla  
Gilberto Perezalonso Cifuentes  
Carlos Ruiz Sacristan

## EXECUTIVE OFFICERS

### GERMAN LARREA MOTA-VELASCO

---

Chairman of the Board of Directors

### OSCAR GONZALEZ ROCHA

---

President and Chief Executive Officer

### RAUL JACOB RUISANCHEZ

---

Vice-President, Finance and Chief Financial Officer

### JUAN MANUEL RODRIGUEZ ARRIAGA

---

Vice-President Commercial

### JAVIER GOMEZ AGUILAR

---

Vice-President, Legal and legal Manager

### HANS A. FLURY

---

Secretary and Legal Advisor

### AGUSTIN AVILA MARTINEZ

---

Comptroller

### VIDAL MUHECH DIP

---

Vice-President, Projects

### EDGARD CORRALES AGUILAR

---

Vice-President, Explorations

## NEXT OF KIN

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 88.6 % of the stock of the Company, as of December 31, 2015. 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 Cifuentes, and Carlos Ruiz Sacristan, the three members of the Company’s Audit Committee, are independent of management and financially literate in accordance with the requirements of the NYSE and the Securities and Exchange Commission (“SEC”), as such requirements are interpreted by the Company’s Board of Directors in its business judgment. Additionally, Messrs. Emilio Carrillo Gamboa and Enrique Castillo Sanchez Mejorada are our fourth and fifth independent directors. At its meeting on January 28, 2016, the Board of Directors determined that Messrs. Luis Miguel Palomino Bonilla, Gilberto Perezalonso Cifuentes, Carlos Ruiz Sacristan, Emilio Carrillo Gamboa, and Enrique Castillo Sanchez Mejorada 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 relationship of affinity and/or consanguinity exists among the members of the Board, and between them and the Executive Officers of Southern Copper Corporation.

## SPECIAL COMMITTEES OF THE BOARD

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

1. **Executive Committee.** It is comprised of five members who substitute for the Board when sessions or decisions are required concerning urgent matters, or matters for which the Board would have expressly delegated its mandate.
2. **Audit Committee.** It is 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 performance of the internal audit function and of the independent auditors; and (iv) the Company's compliance with legal and regulatory requirements; and (b) prepare the report required by SEC rules.
3. **Compensation Committee.** It is comprised of four Board members and its principal objective is to evaluate and establish the remunerations of principal officers and key employees of the Company and its subsidiaries.
4. **Special Nominating Committee.** It is comprised of two independent Board members and one nominated by the Board and it has the exclusive authority to propose and evaluate individuals who are proposed as special independent directors.
5. **Corporate Governance Committee.** It is comprised of four Board members and has as its primary functions to consider and make recommendations to the Board concerning the appropriate function and needs of the Board, to develop and recommend to the Board corporate governance principles, to oversee evaluation of the Board and management, and to oversee and review compliance with the disclosure and reporting standards of the Company that require full, fair, accurate, timely, and understandable disclosure of material information regarding the Company in reports and documents that it files with the SEC, the NYSE and equivalent authorities in the countries in which the Company operates, as well as in other public communications that it regularly makes.
6. **Administrative Committee.** It is designated by the Named Fiduciary appointed by the Board for the benefit plans as required by the Employee Retirement Income Security Act – ERISA of the United States. ERISA is the law that covers employee retirement and other benefit plans. Mr. Daniel Muñoz Quintanilla is the Board-appointed Named Fiduciary for the Company's benefits plans subject to US regulations, including ERISA. This Officer appoints an Administrative Committee, which is comprised of three management members and its purpose is to administer and manage said plans and to oversee the performance of the trust agents and other fiduciaries charged with investing the plans' funds.



### ADMINISTRATION AND BOARD INCOME

Total remunerations of Board and Administration members, in relation to the Company's gross income is 0.07%.

### ANNUAL MEETING

The annual stockholders meeting of Southern Copper Corporation will be held at Edificio Parque Reforma, Campos Eliseos No. 400, 9th Floor, Col. Lomas de Chapultepec, Mexico City, C.P. 11000, Mexico, on Thursday, April 28, 2016 at 9:00 A.M., Mexico City time.

### CORPORATE OFFICES:

#### UNITED STATES

1440 E. Missouri Avenue,  
Suite 160,  
Phoenix, AZ 85014  
U.S.A.  
Phone: +(602) 264-1375

#### MEXICO

Edificio Parque Reforma, Campos  
Eliseos No. 400  
Col. Lomas de Chapultepec Mexico D.F.  
Phone: +(52-55) 1103-5000

#### PERU

Av. Caminos del Inca No. 171  
Chacarilla del Estanque  
Santiago de Surco Lima 33, Peru

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

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

### FORM 10-K<sup>1</sup>

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.

<sup>1</sup> Form 10-K Phone. +(511) 512-0440, extension 3442 for Spanish

### TRANSFER AGENT, REGISTRAR AND STOCKHOLDER SERVICES

Computershare

480 Washington Boulevard

Jersey City, NJ 07310-1900

Phone: +1(866)230-0172

### 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 Mellon Corporation. For more information, contact The Bank of New York Mellon Corporation at phone +1(866) 230-0172.

### STOCK EXCHANGE LISTING

The principal markets for SCC's Common Stock are the New York Stock Exchange and the Lima Stock Exchange. Effective February 17, 2010, SCC's Common Stock changed its symbol from PCU to SCCO on both the NYSE and the Lima Stock Exchange.

## OTHERS

The Branch in Peru has issued, in accordance with Peruvian law, 'investment shares' (formerly named labor shares) that are quoted in the Lima Stock Exchange under the symbol SPCCPI1 and SPCCPI2.

Transfer Agent, registrar and stockholders services are provided by Banco de Credito of Peru at Avenue Centenario 156, La Molina, Lima 12, Peru.

Phone +(511) 313-2478, Fax +(511) 313-2556

## OTHER CORPORATE INFORMATION

For other information on the corporation or to obtain additional copies of the annual report, Form 10-K 2015 contact to Investor Relations Department at our corporate offices:

## MEMBERS OF THE BOARD OF DIRECTORS

German Larrea Mota-Velasco

Oscar Gonzalez Rocha

Emilio Carrillo Gamboa

Alfredo Casar Perez

Xavier Garcia de Quevedo Topete

Daniel Muñiz Quintanilla

Luis Miguel Palomino Bonilla

Gilberto Perezalonso Cifuentes

Carlos Ruiz Sacristan

Luis Castelazo Morales

Enrique Castillo Sanchez Mejorada

### AUDIT COMMITTEE

Emilio Carrillo Gamboa, Chairman

Luis Miguel Palomino Bonilla, and

Gilberto Perezalonso Cifuentes

Enrique Castillo Sanchez Mejorada







# SOUTHERN COPPER CORPORATION

## CORPORATE OFFICES

### ESTADOS UNIDOS

1440 East Missouri Avenue,  
Suite 160 Phoenix, Az. 85014, USA  
Phone: (602)264-1375.

### MEXICO

Campos Eliseos No. 400, 11 floor,  
Col. Lomas de Chapultepec Mexico D.F.  
Phone +(52-55) 1103-5000.

### PERU

Avenue Caminos del Inca 171 (B-2),  
Chacarilla del Estanque, Santiago de Surco – Lima 33 - Peru.  
Phone. +(511) 512-0440, Ext. 3442.

Symbol: SCCO

E-mail

[southerncopper@southernperu.com.pe](mailto:southerncopper@southernperu.com.pe)

[www.southerncoppercorp.com](http://www.southerncoppercorp.com)