

SOUTHERN COPPER CORP/
Form 10-K
February 27, 2014
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended: December 31, 2013

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File Number: 1-14066

SOUTHERN COPPER CORPORATION

(Exact name of registrant as specified in its charter)

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Delaware

(State or other jurisdiction of incorporation or organization)

13-3849074

(I.R.S. Employer Identification No.)

1440 East Missouri Avenue Suite 160 Phoenix, AZ

(Address of principal executive offices)

85014

(Zip code)

Registrant's telephone number, including area code: **(602) 264-1375**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class:
Common stock, par value \$0.01 per share

Name of each exchange on which registered:
New York Stock Exchange
Lima Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

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Large accelerated filer x

Accelerated filer o

Non-accelerated filer o

Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes o No x

At January 31, 2014, there were of record 833,549,550 shares of common stock, par value \$0.01 per share, outstanding.

The aggregate market value of the shares of common stock (based upon the closing price at June 30, 2013 as reported on the New York Stock Exchange - Composite Transactions) of Southern Copper Corporation held by non-affiliates was approximately \$4,312.3 million.

PORTIONS OF THE FOLLOWING DOCUMENTS ARE INCORPORATED BY REFERENCE:

Part III: Proxy statement for 2014 Annual Meeting of Stockholders

Part IV: Exhibit Index is on Page 163 through 165

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Southern Copper Corporation (SCC)

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PART I

ITEM 1. BUSINESS

THE COMPANY

Southern Copper Corporation (SCC , Southern Copper or the Company) is one of the largest integrated copper producers in the world. We produce copper, molybdenum, zinc and silver. All of our mining, smelting and refining facilities are located in Peru and Mexico and we conduct exploration activities in those countries and in Argentina, Chile and Ecuador. See Item 2 Properties - Review of Operations for maps of our principal mines, smelting facilities and refineries. Our operations make us one of the largest mining companies in Peru and Mexico. We believe we have the largest copper reserves in the world. 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 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. Additionally, we 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 primarily 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 La Caridad unit) operates La Caridad, an open-pit copper mine, a copper ore concentrator, a SX-EW plant, a smelter, refinery and a rod plant. Since July 2011, 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 from December 11, 2010 to July 2011 by Buenavista del Cobre S.A. de C.V. 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.

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.

The sales prices for our products are largely determined by market forces outside of our control. Our management, therefore, focuses on cost control and production enhancement to remain profitable. We endeavor to achieve these goals through capital spending programs, exploration efforts and cost reduction programs. Our focus is to remain profitable during periods of low copper prices and on maximizing results in periods of high copper prices. For additional information on the sale prices of the metals we produce, please see Metal Prices in this Item 1.

Currency Information:

Unless stated otherwise, all our financial information is presented in U.S. dollars and any reference herein to U.S. dollars , dollars , or \$ are to U.S. dollars; references to S/ , nuevo sol or nuevos soles , are to Peruvian nuevos soles; and references to peso , pesos , or Ps. , are to Mexican pesos.

Unit Information:

Unless otherwise noted, all tonnages are in metric tons. To convert to short tons, multiply by 1.102. All ounces are troy ounces. All distances are in kilometers. To convert to miles, multiply by 0.621. To convert hectares to acres, multiply by 2.47.

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ORGANIZATIONAL STRUCTURE

The following chart describes our organizational structure, starting with our controlling stockholders, as of December 31, 2013. For clarity of presentation, the chart identifies only our main subsidiaries and eliminates intermediate holding companies.

We are a majority-owned, indirect subsidiary of Grupo Mexico S.A.B. de C.V. (Grupo Mexico). Through its wholly-owned subsidiaries, Grupo Mexico as of December 31, 2013 owned 82.3% of our capital stock. Grupo Mexico 's principal business is to act as a holding company for shares of other corporations engaged in the mining, processing, purchase and sale of minerals and other products and railway and other related services.

We conduct our operations in Peru through a registered branch (the SPCC Peru Branch , Branch or Peruvian Branch). The SPCC Peru Branch comprises substantially all of our assets and liabilities associated with our copper operations in Peru. The SPCC Peru Branch is not a corporation separate from us and, therefore, obligations of SPCC Peru Branch are direct obligations of SCC and vice-versa. It is, however, an establishment, registered pursuant to Peruvian law, through which we hold assets, incur liabilities and conduct operations in Peru. Although it has neither its own capital nor liability separate from us, it is deemed to have equity capital for purposes of determining the economic interests of holders of our investment shares, (See Note 12 Non-Controlling Interest of our consolidated financial statements).

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On April 1, 2005, we acquired Minera Mexico, the largest mining company in Mexico on a stand-alone basis, from Americas Mining Corporation (AMC), a subsidiary of Grupo Mexico, our controlling stockholder. Minera Mexico is a holding company and all of its operations are conducted through subsidiaries that are grouped into three units: (i) the La Caridad unit (ii) the Buenavista unit and (iii) the IMMSA unit. We own 99.95% of Minera Mexico.

In 2008, our Board of Directors authorized a \$500 million share repurchase program. On July 28, 2011, our Board of Directors authorized an increase of the share repurchase program to \$1 billion and on October 17, 2013, our Board of Directors authorized an additional increase to \$2 billion. Pursuant to this program, through December 31, 2013 we have

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purchased 57.2 million shares of our common stock at a cost of \$1,159.5 million. These shares are available for general corporate purposes. We may purchase additional shares 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.

REPUBLIC OF PERU AND MEXICO

Our revenues are derived primarily from our operations in Peru and Mexico. Risks related to our operations in both countries include those associated with economic and political conditions, the effects of currency fluctuations and inflation, the effects of government regulations and the geographic concentration of our operations.

AVAILABLE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the U.S. Securities and Exchange Commission (SEC). You may read and copy any document we file at the SEC's Public Reference Room at 100 F Street NE, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for information on the Public Reference Room. The SEC maintains a website that contains annual, quarterly and current reports, proxy statements and other information that issuers (including Southern Copper Corporation) file electronically with the SEC. The SEC's website is www.sec.gov.

Our Internet address is www.southerncoppercorp.com. Commencing with the Form 8-K dated March 14, 2003, we have made available free of charge on this internet address our annual, quarterly and current reports, as soon as reasonably practical after we electronically file such material with, or furnish it to, the SEC. Our website also includes the Company's Corporate Governance guidelines and the charters of our principal Board Committees. However, the information found on our website is not part of this or any other report.

CAUTIONARY STATEMENT

Forward-looking statements in this report and in other Company statements include statements regarding expected commencement dates of mining or metal production operations, projected quantities of future metal production, anticipated production rates, operating efficiencies, costs and expenditures, including taxes, as well as projected demand or supply for the Company's products. Actual results could differ materially depending upon certain factors, including the risks and uncertainties relating to general U.S. and international economic and political conditions, the cyclical and volatile prices of copper, other commodities and supplies, including fuel and electricity, the availability of materials, insurance coverage, equipment, required permits or approvals and financing, the occurrence of unusual weather or operating conditions, lower than expected ore grades, water and geological problems, the failure of equipment or processes to operate in accordance with specifications, failure to obtain financial assurance to meet closure and remediation obligations, labor relations, litigation and environmental risks, as well as political and economic risk associated with foreign operations. Results of operations are directly affected by metal prices on commodity exchanges, which can be volatile.

Additional business information follows:

COPPER BUSINESS

Copper is the world's third most widely used metal, after iron and aluminum, and an important component in the world's infrastructure. Copper has unique chemical and physical properties, including high ductility, malleability, and thermal and electrical conductivity, and resistance to corrosion that has made it a superior material for use in electrical and electronic products, including power transmission and generation, which accounts for about three quarters of its global copper use, telecommunications, building construction, transportation and industrial machinery. Copper is also an important metal in non-electrical applications such as plumbing and roofing and, when alloyed with zinc to form brass, in many industrial and consumer applications.

Copper is an internationally traded commodity with prices principally determined by the major metal exchanges, the Commodities Exchange, or COMEX, in New York and the London Metal Exchange or LME. Copper is usually found

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in nature in association with sulfur. Pure copper metal is generally produced from a multistage process, beginning with the mining and concentrating of low-grade ores containing copper sulfide minerals, and followed by smelting and electrolytic refining to produce a pure copper cathode. An increasing share of copper is produced from acid leaching of oxidized ores. Copper is one of the oldest metals ever used and has been one of the most important materials in the development of civilization.

BUSINESS REPORTING SEGMENTS:

Our management views Southern Copper as having three reportable segments and manages it on the basis of these segments.

The three segments identified are groups of individual mines, each of which constitutes an operating segment with similar economic characteristics, type of products, processes and support facilities, regulatory environments, employee bargaining contracts and currency risks. In addition, each mine within the individual group earns revenues from similar type of customers for their products and services and each group incurs expenses independently, including commercial transactions between groups.

Inter-segment sales are based on arm's-length prices at the time of sale. These may not be reflective of actual prices realized by the Company due to various factors, including additional processing, timing of sales to outside customers and transportation cost. Added to the segment information is information regarding the Company's sales. The segments identified by the Company are:

1. Peruvian operations, which include the Toquepala and Cuajone mine complexes and the smelting and refining plants, industrial railroad and port facilities that service both mines. Sales of its products are recorded as revenue of our Peruvian mines. The Peruvian operations produce copper, with production of by-products of molybdenum, silver and other material.
2. Mexican open-pit operations, which include the La Caridad and Buenavista mine complexes and the smelting and refining plants and support facilities that service both mines. Sales of its products are recorded as revenue of our Mexican mines. The Mexican open-pit operations produce copper, with production of by-products of molybdenum, silver and other material.
3. Mexican underground mining operations, which include five underground mines that produce zinc, copper, silver and gold, a coal mine that produces coal and coke, and a zinc refinery. This group is identified as the IMMSA unit and sales of its products are recorded as revenue of the IMMSA unit.

Financial information is regularly prepared for each of the three segments and the results are reported to the Senior Management Officers on a segment basis. The Senior Management Officers focus on operating income and on total assets as measures of performance to evaluate different segments and to make decisions to allocate resources to the reported segments. These are common measures in the mining industry.

Segment information is included in Item 2 Properties, under the captions Metal Production by Segments and Ore Reserves. More information on business segment and segment financial information is included in Note 19 Segment and Related Information of our consolidated financial statements.

CAPITAL INVESTMENT PROGRAM

For a description of our capital investment program, see Item 7 Management's Discussion and Analysis of Financial Condition and Results of Operations Capital Investment Program.

EXPLORATION ACTIVITIES

We are engaged in ongoing extensive exploration to locate additional ore bodies in Peru, Mexico, Argentina, Ecuador and Chile. We also conduct exploration in the areas of our current mining operations. We invested \$51.0 million in exploration

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programs in 2013, \$47.9 million in 2012 and \$37.5 million in 2011 and we expect to spend approximately \$67.8 million in exploration programs in 2014.

Currently, we have direct control of 93,972 and 160,454 hectares of exploration concessions in Peru and in Mexico, respectively. We also currently hold 100,383 hectares, 35,958 hectares and 2,544 hectares of exploration concessions in Argentina, Chile and Ecuador, respectively.

Peru

Los Chancas. This property, located in the department of Apurimac in southern Peru, is a copper and molybdenum porphyry deposit. At the end of 2013, we were in the final stages of completing a feasibility study for this property and expect to initiate an environmental impact assessment study in 2014. Current estimates indicate the presence of 545 million tons of mineralized material with a copper content of 0.59%, molybdenum content of 0.04% and 0.039 grams of gold per ton and 181 million tons of mineralized leachable material with a total copper content of 0.357%.

Other Peruvian Prospects. In 2013, after the evaluation of the 2012 drilling program results at El Penon, we decided not to pursue this project. Also, in 2013 we concluded an exploration program of 7,246 meters of diamond drilling around our current operating areas.

For 2014, we plan to continue, and further develop a diamond drilling program of 25,000 meters at several other Peruvian mineralized zones, including the Lagarto project, which is located in the north of the Lima region where we are exploring for a copper porphyry system. We also plan to continue with the regional exploration program at several different metallogenic zones of Peru.

Mexico

In addition to exploratory drilling programs at existing mines, we are currently conducting exploration to locate mineral deposits at various other sites in Mexico. The following are some of the more significant exploration projects:

Buenavista-Zinc. The Buenavista-Zinc site is located in the state of Sonora, Mexico and forms part of the Buenavista ore body. Drilling and metallurgical studies have shown that the zinc-copper deposit contains approximately 36 million tons of mineralized material containing 29 grams of silver per ton, 0.69% copper and 3.3% zinc. A scoping level study indicates that Buenavista-Zinc may be an economic deposit. In 2011, 11,956 meters of diamond drilling were executed to confirm grade and acquire geotechnical information. In 2012, the Buenavista-Zinc mine plan was integrated with the overall mine plan of the Buenavista pit. The metallurgical testing was completed early in 2013 indicating some recovery problems with oxidized zinc. During 2013, we drilled 15,128 additional meters to locate the oxidized zinc for new modelling and metallurgical testing. We expect to receive the results of the new model early in 2014 and to proceed with metallurgical testing.

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The Chalchihuites. The Chalchihuites site is located in the state of Zacatecas. It is a replacement deposit with mixed oxides and sulfides of lead, copper, zinc and silver. In the late 1990s, a drilling program defined 16 million tons of mineralized material containing 95 grams of silver per ton and lead content of 0.36%, copper content of 0.69% and zinc content of 3.08%. Preliminary metallurgical testing indicates that a leaching precipitating-flotation recovery process can be applied to this ore. In 2009, we started a prefeasibility study, which we expect to complete early in 2014. In 2010 and 2011, we added several claims and performed a 9,386 meter drilling program that indicated at least seven million tons of mineralized material containing 97.9 grams of silver per ton, 0.41% lead, 0.52% copper and 2.53% zinc. In 2013, we continued with the process to obtain all permits and the land acquisition required for the project. In 2014, we plan to perform additional drilling to confirm the metallurgical results of the prefeasibility study and to drill three water wells to supply the water requirements of the project.

Sierra de Lobos. This project is located southwest of the city of Leon, Guanajuato. Drilling in 2008 confirmed the presence of copper and zinc mineralization, but an economic deposit has not yet been identified. The project was on hold between 2010 and 2011 due to the changes in our investment program priorities. In 2012, we obtained all required permits and started drilling activities. In 2013, we drilled 3,945 meters. Although we identified some mineralized ore bodies, they were not continuous. In 2014 we will analyze the results and decide the future of the project.

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Chile

Catanave. Located in northern Chile (Arica), Catanave belongs to a mineralized epithermal system of gold and silver. In 2010, the environmental impact study was approved. Between 2011 and 2013 diamond drilling programs were completed. Currently we are evaluating the results of the drilling programs to decide the future of the project.

Santa Marta and San Benito. In 2013, after completing our diamond drilling program at these prospects, we decided not to pursue further work on the properties.

El Salado. A copper-gold prospect located in the Atacama region, northern Chile is being explored for copper and molybdenum porphyry. In 2013, we completed a conceptual engineering study of the project, which identified mineralization restricted to veins and irregular bodies. In 2013, we started a diamond drilling program of 22,000 meters focused on classifying the existing mineral. A further diamond drilling program of 15,000 meters is planned for 2014 defining the mineralized structures of the Diego de Almeida zone.

Resguardo de la Costa. A copper-gold prospect located in northern Chile (Atacama area). This prospect continues on hold, pending further evaluation.

Other Chilean Prospects. For 2014, we plan to continue with a regional exploration program focused on locating systems, mainly of porphyritic of copper and molybdenum. We plan to explore mainly in the Atacama metallogenetic strip, and the El Salado region where the Amor prospect, which has evidence of copper oxides and sulfurs and gold, is located.

Ecuador

In 2011, we started exploration activities in Ecuador.

Chaucha: the Ruta del Cobre (Copper Road) project is located south of Guayaquil. The mineralization is characteristic of a copper-molybdenum porphyry system. In 2013, we obtained all the permits required for the evaluation of the deposit. In 2014, we plan to conduct a diamond drilling program of 20,000 meters.

Argentina

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In 2011, we started exploration activities in Argentina. During 2012, we carried out exploration mainly at the Cochicos project, located in the Province of Neuquen, where we expect to locate mineralization for an epithermal gold and silver system. During 2013, we performed geological exploration in the Salta, San Juan and Neuquen provinces where we expect to locate copper porphyry with precious metals epithermal systems. For 2014 we plan to start a diamond drilling exploration program of 10,000 meters at the Cerro Sementa project, located in the Salta Province, where we expect to locate porphyry copper and molybdenum mineralization. We also plan to continue with the regional exploration at Piuqenes and La Voluntad located in the San Juan and Neuquen provinces, respectively, where we expect to locate porphyry copper and molybdenum mineralization.

PRINCIPAL PRODUCTS AND MARKETS

Copper is primarily used in the building and construction industries, electrical and electronic products and, to a lesser extent, industrial machinery and equipment, consumer products and in the automotive and transportation industries. Molybdenum is used to toughen alloy steels and soften tungsten alloy and is also used in fertilizers, dyes, enamels and reagents. Silver is used for photographic, electrical and electronic products and, to a lesser extent, brazing alloys and solder, jewelry, coinage, silverware and catalysts. Zinc is primarily used as a coating on iron and steel to protect against corrosion. It is also used to make die cast parts, in the manufacturing of batteries and in the form of sheets for architectural purposes.

Our marketing strategy and annual sales planning emphasize developing and maintaining long-term customer relationships, and thus acquiring annual or other long-term contracts for the sale of our products is a high priority. Approximately 80% of our metal production for years 2013, 2012 and 2011, was sold under annual or longer-term contracts. Sales prices are determined based on prevailing commodity prices for the quotation period according to the terms of the contract.

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We focus on the ultimate end-user customers as opposed to selling on the spot market or to trading companies. In addition, we devote significant marketing effort to diversifying our sales both by region and by customer base. We also strive to provide superior customer service, including timely deliveries of our products. Our ability to consistently fulfill customer demand is supported by our substantial production capacity.

For additional information on sales please see, Revenue recognition in Note 2 Summary of Significant Accounting Policies and Note 19 Segment and Related Information of our consolidated financial statements.

METALS PRICES

Prices for our products are principally a function of supply and demand and, except for molybdenum, are established on COMEX and LME, the two most important metal exchanges in the world. Prices for our molybdenum products are established by reference to the publication Platt's Metals Week. Our contract prices also reflect any negotiated premiums and the costs of freight and other factors. From time to time, we have entered into hedging transactions to provide partial protection against future decreases in the market price of metals and we may do so under certain market conditions. We entered into copper derivative contracts for the first quarter of 2012 and the years 2011 and 2010. For a further discussion of derivative instruments, see Item 7A Quantitative and Qualitative Disclosures about Market Risk. For a further discussion of our products market prices, please see Item 7 Management's Discussion and Analysis of Financial Condition and Results of Operations Metal Prices.

The table below shows the high, low and average COMEX and LME per pound copper prices during the last 15 years:

Year	Copper (COMEX)			Copper (LME)		
	High	Low	Average	High	Low	Average
1999	0.85	0.61	0.72	0.84	0.61	0.71
2000	0.93	0.74	0.84	0.91	0.73	0.82
2001	0.87	0.60	0.73	0.83	0.60	0.72
2002	0.78	0.65	0.72	0.77	0.64	0.71
2003	1.04	0.71	0.81	1.05	0.70	0.81
2004	1.54	1.06	1.29	1.49	1.06	1.30
2005	2.28	1.40	1.68	2.11	1.39	1.67
2006	4.08	2.13	3.10	3.99	2.06	3.05
2007	3.75	2.40	3.23	3.77	2.37	3.23
2008	4.08	1.25	3.13	4.08	1.26	3.16
2009	3.33	1.38	2.35	3.33	1.38	2.34
2010	4.44	2.76	3.43	4.42	2.76	3.42
2011	4.62	3.05	4.01	4.60	3.08	4.00
2012	3.97	3.28	3.61	3.93	3.29	3.61
2013-1st Q	3.78	3.40	3.60	3.74	3.42	3.60
2013-2nd Q	3.44	3.03	3.25	3.42	3.01	3.24
2013-3rd Q	3.36	3.04	3.23	3.33	3.05	3.21
2013-4th Q	3.47	3.15	3.28	3.35	3.15	3.24
2013	3.78	3.03	3.34	3.74	3.01	3.32

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The per pound COMEX copper price during the last 5, 10 and 15 year periods averaged \$3.35, \$2.92 and \$2.20 respectively. The per pound LME copper price during the last 5, 10 and 15 year periods averaged \$3.34, \$2.91 and \$2.19, respectively.

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The table below shows the high, low and average per-pound, except silver, which is per ounce, market prices for our three principal by-products during the last 15 years:

Year	Silver (COMEX)			Molybdenum (Dealer Oxide Platt's Metals Week)			Zinc(LME)		
	High	Low	Average	High	Low	Average	High	Low	Average
1999	5.76	4.87	5.22	2.80	2.52	2.66	0.56	0.41	0.49
2000	5.55	4.56	4.97	2.92	2.19	2.56	0.58	0.46	0.51
2001	4.81	4.03	4.36	2.58	2.19	2.35	0.48	0.33	0.40
2002	5.11	4.22	4.60	7.90	2.43	3.76	0.38	0.33	0.35
2003	5.98	4.35	4.89	7.60	3.28	5.29	0.46	0.34	0.38
2004	8.21	5.51	6.68	32.38	7.35	16.20	0.58	0.43	0.48
2005	9.00	6.43	7.32	39.25	25.00	31.99	0.87	0.53	0.63
2006	14.85	8.82	11.54	28.20	21.00	24.75	2.10	0.87	1.49
2007	15.50	11.47	13.39	33.75	24.50	30.19	1.93	1.00	1.47
2008	20.69	8.80	14.97	33.88	8.75	28.42	1.28	0.47	0.85
2009	19.30	10.42	14.67	18.00	7.83	10.91	1.17	0.48	0.75
2010	30.91	14.82	20.18	18.60	11.75	15.60	1.14	0.72	0.98
2011	48.58	26.81	35.18	17.88	12.70	15.33	1.15	0.79	0.99
2012	37.14	26.25	31.19	14.80	10.90	12.62	0.99	0.80	0.88
2013-1st Q	32.41	28.29	30.03	11.95	10.70	11.28	0.99	0.84	0.92
2013-2nd Q	27.91	18.53	23.10	11.20	10.28	10.80	0.87	0.81	0.83
2013-3rd Q	24.65	18.73	21.39	10.18	9.12	9.36	0.89	0.81	0.84
2013-4th Q	22.95	19.01	20.77	9.88	9.33	9.60	0.96	0.83	0.87
2013	32.41	18.53	23.82	11.95	9.12	10.26	0.99	0.81	0.87

The per pound LME zinc price during the last 5, 10 and 15 year periods averaged \$0.89, \$0.94 and \$0.77, respectively. The per ounce COMEX silver price during the last 5, 10 and 15 year periods averaged \$25.01, \$17.89 and \$13.53, respectively. The per pound Platt's Metals Week Dealer Oxide molybdenum price during the last 5, 10 and 15 year periods averaged \$12.94, \$19.63 and \$14.19, respectively.

COMPETITIVE CONDITIONS

Competition in the copper market is primarily on a price and service basis, with price being the most important consideration when supplies of copper are ample. Our products compete with other materials, including aluminum and plastics. For additional information, see Item 1A Risk Factors. The copper mining industry is highly competitive.

LABOR FORCE

As of December 31, 2013, we had 12,665 employees, approximately 70.6% of whom are unionized and represented by ten different labor unions. In recent years we have experienced a positive labor environment in our operations in Mexico and Peru, which is allowing us to increase productivity as well as helping us to achieve the goals of our capital expansion program.

Peru

Approximately 65.3% of our 4,430 Peruvian employees were unionized at December 31, 2013, represented by seven separate unions. Three of these unions, one at each major production area, represent the majority of our workers. Also, there are four smaller unions, representing the balance of workers. In the first quarter of 2013, we signed three-year collective bargaining agreements with all the unions. The agreements included, among other things, annual salary increases of 6.5%, 5% and 5% for each of the three years.

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Employees of the Toquepala and Cuajone units reside in townsites, where we have built 3,700 houses and apartments. We also have 90 houses at Ilo for staff personnel. Housing, together with maintenance and utility services, is provided at minimal cost to most of our employees. Our townsite and housing complexes include schools, medical facilities, churches, social clubs and recreational facilities. We also provide shopping, banking and other services at the townsites.

Mexico

Approximately 73.8% of our 8,182 Mexican employees were unionized at December 31, 2013, represented by three separate unions. Under Mexican law, the terms of employment for unionized workers is set forth in collective bargaining agreements. Mexican companies negotiate the salary provisions of collective bargaining agreements with the labor unions annually and negotiate other benefits every two years. We conduct negotiations separately at each mining complex and each processing plant.

In recent years, the Mexican operations have experienced a positive improvement of their labor environment, as our workers, opted to change their affiliation from the *Sindicato Nacional de Trabajadores Mineros, Metalurgicos y Similares de la Republica Mexicana* (National Union of Mine and Metal Workers and Similar Activities of the Mexican Republic or the National Mining Union) the union formerly led by Napoleon Gomez Urrutia, to other less politicized unions. We believe that this change creates a more positive labor environment and will benefit both the Company and workers and allow us to increase our productivity and develop our capital expansion programs.

Our Taxco and San Martin mines in Mexico have been on strike since July 2007. For a discussion of labor matters reference is made to the information contained under the caption "Labor matters" in Note 13 "Commitments and Contingencies" of the consolidated financial statements

Employees of La Caridad and Buenavista units reside in townsites at Nacozari and Cananea, where we have built approximately 2,000 houses and apartments and 275 houses and apartments, respectively. Most of the employees of the IMMSA unit reside on the grounds of the mining or processing complexes in which they work and where we have built approximately 900 houses and apartments. Housing, together with maintenance and utility services, is provided at minimal cost to most of our employees. Our townsites and housing complexes include educational and, in some units, medical facilities, churches, social clubs, shopping centers, banking and other services. Through 2007, the Buenavista unit (at that time Cananea) provided health care services free of charge to employees and retired unionized employees and their families through its own hospital at the Buenavista unit. In 2011, the Company signed an agreement with the Secretary of Health of the State of Sonora to continue providing these services to its retired workers and their families. The new workers of Buenavista del Cobre will receive health services from the Mexican Institute of Social Security as is the case for all Mexican workers.

FUEL, ELECTRICITY AND WATER SUPPLIES

The principal raw materials used in our operations are fuels, electricity and water. We use natural gas to power boilers and generators and for metallurgical processes at our Mexican operations and diesel fuel for mining equipment. We believe that supplies of fuel, electricity and water are readily available. Although the prices of these raw materials may fluctuate beyond our control, we focus our efforts to reduce these costs through cost and energy saving measures.

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Energy is the principal cost in mining, therefore the concern for its conservation and efficient usage is very important. We have energy management committees at most of our mines. The committees meet periodically to discuss consumption and to develop measures directed at saving energy. Also, alternative sources are being analyzed at the corporate level, both from traditional and renewable energy sources. This has helped us to develop a culture of energy conservation directed at the sustainability of our operations.

Peru

Fuel: In Peru, we obtain fuel primarily from a local producer. The Company believes that adequate supplies of fuel are available in Peru.

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Electricity: In Peru, electric power for our operating facilities is generated by two thermal electric plants owned and operated by Enersur S.A., an independent power company (Enersur), a diesel and waste heat boilers plant located adjacent to the Ilo smelter and a coal plant located south of Ilo. Power generation capacity for Peruvian operations is currently 344 megawatts. Enersur constructed and placed in service three new power units by the end of June 2013, with a total capacity of 564 megawatt, which is providing additional power reserves in the south of Peru. Enersur is planning to build another 500 megawatt plant in the same area, which is expected to be completed by March 2017.

In addition, we have nine megawatts of power generation capacity from two small hydro-generating installations at Cuajone. Power is distributed over a 224-kilometer closed loop transmission circuit, which is interconnected with the Peruvian network.

In 1997, we sold our Ilo power plant to Enersur. In connection with the sale, a power purchase agreement was also completed under which we agreed to purchase all of our power needs for our Peruvian operations from Enersur for twenty years, commencing in 1997. In 2003, the agreement was amended releasing Enersur from its obligation to construct additional capacity to meet our increased electricity requirements and changing the power tariff as called for in the original agreement.

In 2009, we signed a Memorandum of Understanding (MOU) with Enersur regarding its power supply agreement. The MOU contains new economic terms that we believe better reflect current economic conditions in the power industry and in Peru. Additionally, the MOU includes an option for providing power for the Tia Maria project.

Water: We have water rights or licenses for up to 1,950 liters per second from well fields at the Huaitire, Vizcachas and Titijones aquifers and also surface water from the Suches lake and two small water courses, Quebrada Honda and Quebrada Tacalaya. We believe these water resources are sufficient to supply the needs of our operating units at Toquepala and Cuajone. At Ilo, we have desalination plants that produce water for industrial and domestic use that we believe are sufficient for our current and projected needs.

Mexico

Fuel: In Mexico, fuel is purchased directly from Petroleos Mexicanos, (PEMEX), the state oil monopoly.

The La Caridad unit imports natural gas from the United States through its pipeline (between Douglas, Arizona and Nacozari, Sonora). This permits us to import natural gas from the United States at market prices and thereby reduce operating costs. Several contracts with PEMEX and the United States provide us with the option of using a monthly fixed price or daily fixed prices for our natural gas purchases.

Natural gas is used for metallurgical processes, to power furnaces, converters, casting wheels, boilers and electric generators. Diesel oil is a backup for all these uses. We use diesel oil for mining equipment at our operations.

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Electricity: Electricity is used as the main energy source at our mining complexes. We purchase electricity from the *Comision Federal de Electricidad*, the Federal Electricity Commission, (CFE), the state's electrical power producer. In addition, we recover some energy from waste heat boilers at the La Caridad smelter. Accordingly, a significant portion of our operating costs in Mexico are dependent upon the pricing policies of CFE, as well as PEMEX, which reflect government policy, as well as international market prices for crude oil, natural gas and conditions in the refinery markets.

Mexico Generadora de Energia S. de R. L., (MGE), an indirect subsidiary of Grupo Mexico, has completed the construction of one of the two power plants designed to supply power to some of the Company's Mexican operations. It is expected that MGE will supply approximately 12% of its power output to third party energy users. These plants are natural gas-fired combined cycle power generating units, with a net total capacity of 516.2 megawatts. In December 2012, we signed a power supply agreement with MGE, whereby MGE will supply us with power through 2032. The first plant was completed in June 2013 and is supplying us power since December 2013. The second plant is expected to be completed by the end of the second quarter of 2014.

Water: In Mexico, water is deemed a public property and industries not connected to a public service water supply must obtain a water concession from *Comision Nacional del Agua* (the National Water Commission, or CNA). Water usage fees are established in the *Ley Federal de Derechos* (the Federal Law of Rights), which distinguishes several availability zones with different fees per unit of volume according to each zone, with the exception of Mexicana de Cobre. All of our operations have one or several water concessions and pump out the required water from wells. Mexicana de Cobre pumps water from the La

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Angostura dam, which is close to the mine and plants. At our Buenavista facility, we maintain our own wells and pay the CNA for water usage. Water conservation committees have been established in each plant in order to conserve and recycle water. Water usage fees are updated on a yearly basis and have been increasing in recent years. In December 2013, Federal law pertaining to water rights was amended to change the method used to determine water usage fees for underground and surface water effective January 1, 2014. In 2014, we expect that the increase in usage fees will have an after tax cost of approximately \$20 million.

ENVIRONMENTAL MATTERS

For a discussion of environmental matters reference is made to the information contained under the caption "Environmental matters" in Note 13 "Commitments and Contingencies" of the consolidated financial statements.

MINING RIGHTS AND CONCESSIONS

Peru

We have 179,520 hectares in concessions from the Peruvian government for our exploration, exploitation, extraction and/or production operations, distributed among our various sites as follows:

	Toquepala	Cuajone	Ilo (hectares)	Other	Total
Plants	300	456	421		1,177
Operations	22,549	22,155	4,609	35,058	84,371
Exploration				93,972	93,972
Total	22,849	22,611	5,030	129,030	179,520

We believe that our Peruvian concessions are in full force and in effect under applicable Peruvian laws and that we are in compliance with all material terms and requirements applicable to these concessions. The concessions have indefinite terms, subject to our payment of concession fees of up to \$3.00 per hectare annually for the mining concessions and a fee based on nominal capacity for the processing concessions. Fees paid during 2013, 2012 and 2011, were approximately \$1.2 million, \$1.3 million and \$1.2 million, respectively. We have two types of mining concessions in Peru: metallic and non-metallic concessions.

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%. Under the prior law the royalty was based on sales and calculated on the value of concentrates. In 2013, 2012 and 2011, we made provisions of \$34.8 million, \$51.0 million and \$71.8 million, respectively, for this charge.

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At the same time the Peruvian Congress amended the mining royalty charge, it enacted a new tax for the mining industry. This tax is also based on operating income and its rates range from 2% to 8.4%. For additional information see Note 7 Income Taxes to the consolidated financial statements.

Mexico

In Mexico we have approximately 535,932 hectares in concessions from the Mexican government for our exploration and exploitation activities as outlined on the table below.

	IMMSA	La Caridad	Buenavista (hectares)	Projects	Total
Mine concessions	187,700	104,999	82,779	160,454	535,932

We believe that our Mexican concessions are in full force and in effect under applicable Mexican laws and that we are in

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compliance with all material terms and requirements applicable to these concessions. Under Mexican law, mineral resources belong to the Mexican nation and a concession from the Mexican federal government is required to explore or mine mineral reserves. Mining concessions have a 50-year term that can be renewed for another 50 years. Holding fees for mining concessions can be from \$0.4 to \$9.5 per hectare depending on the beginning date of the mining concession. Fees paid during 2013, 2012 and 2011 were approximately \$5.6 million, \$4.5 million and \$3.5 million, respectively. In addition, all of our operating units in Mexico have water concessions that are in full force and effect. Although ownership is not required in order to explore or mine a concession, we generally own the land related to our Mexican concessions. We also own all of the processing facilities of our Mexican operations and the land on which they are constructed.

In December 2013, the Mexican government enacted a new law which, among other things, established a mining royalty charge of 7.5% on taxable EBITDA and an additional royalty charge of 0.5% on net sales value of gold, silver and platinum. These charges are effective January 2014 and are deductible for income tax purposes.

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ITEM 1A. RISK FACTORS:

Every investor or potential investor in Southern Copper Corporation should carefully consider the following risk factors.

General Risks Relating to Our Business

Our financial performance is highly dependent on the price of copper and the other metals we produce.

Our financial performance is significantly affected by the market prices of the metals that we produce, particularly the market prices of copper, molybdenum, zinc and silver. Historically, these prices have been subject to wide fluctuations and are affected by numerous factors beyond our control, including international economic and political conditions, levels of supply and demand, the availability and costs of substitutes, inventory levels maintained by users, actions of participants in the commodities markets and currency exchange rates. In addition, the market prices of copper and certain other metals have on occasion been subject to rapid short-term changes.

The table below provides the sales value of our products as a percentage of our total net sales value.

Product	Year Ended December 31,		
	2013	2012	2011
Copper	78.2%	77.0%	76.7%
Molybdenum	6.6%	6.8%	8.0%
Silver	6.6%	7.4%	7.2%
Zinc	3.4%	2.9%	3.1%
Other by-products	5.2%	5.9%	5.0%

See also historical average price of our products on Item 1 Business caption Metals prices.

We cannot predict whether metals prices will rise or fall in the future. Future declines in metals prices and, in particular, copper will have an adverse impact on our results of operations and financial condition. In very adverse market conditions, we might, consider curtailing or modifying certain of our mining and processing operations.

Changes in the level of demand for our products could adversely affect our product sales.

Our revenue is dependent on the level of industrial and consumer demand for the concentrates and refined and semi-refined metal products we sell. Changes in technology, industrial processes and consumer habits may affect the level of demand to the extent that changes increase or decrease the need for our metal products. A change in demand, including any change resulting from economic slow-downs or recessions, could impact our results of operations and financial condition.

Our actual reserves may not conform to our current estimates of our ore deposits and we depend on our ability to replenish ore reserves for our long-term viability.

There is a degree of uncertainty attributable to the calculation of reserves. Until reserves are actually mined and processed, the quantity of ore and grades must be considered as estimates only. The proven and probable ore reserves data included in this report are estimates prepared by us based on evaluation methods generally used in the mining industry. We may be required in the future to revise our reserves estimates based on our actual production. We cannot assure you that our actual reserves conform to geological, metallurgical or other expectations or that the estimated volume and grade of ore will be recovered. Market prices of our metals, increased production costs, reduced recovery rates, short-term operating factors, royalty charges and other factors may render proven and probable reserves uneconomic to exploit and may result in revisions of reserves data from time to time. Reserves data are not indicative of future results of operations. Our reserves are depleted as we mine. We depend on our ability to replenish our ore reserves for our long-term viability. We use several strategies to replenish and increase our ore reserves, including exploration and investment in properties located near our existing mine sites and investing in technology that could extend the life of a mine by allowing us to cost-effectively process ore types that were previously considered uneconomic. Acquisitions may also contribute to increase ore reserves and we review potential acquisition opportunities on a regular basis. However, we cannot assure you that we will be able to continue with our strategy to replenish reserves indefinitely.

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Our business requires levels of capital expenditures which we may not be able to maintain.

Our business is capital intensive. Specifically, the exploration and exploitation of copper and other metal reserves, mining, smelting and refining costs, the maintenance of machinery and equipment and compliance with laws and regulations require significant capital expenditures. We must continue to invest capital to maintain or to increase the amount of copper reserves that we exploit and the amount of copper and other metals we produce. We cannot assure you that we will be able to maintain our production levels to generate sufficient cash, or that we have access to sufficient financing to continue our exploration, exploitation and refining activities at or above present levels.

Restrictive covenants in the agreements governing our indebtedness and the indebtedness of our Minera Mexico subsidiary may restrict our ability to pursue our business strategies.

Our financing instruments and those of our Minera Mexico subsidiary include financial and other restrictive covenants that, among other things, limit our and Minera Mexico's abilities to incur additional debt and sell assets. If either we or our Minera Mexico subsidiary do not comply with these obligations, we could be in default under the applicable agreements which, if not addressed or waived, could require repayment of the indebtedness immediately. Our Minera Mexico subsidiary is further limited by the terms of its outstanding notes, which also restrict the Company's applicable incurrence of debt and liens. In addition, future credit facilities may contain limitations on our incurrence of additional debt and liens, on our ability to dispose of assets, or on our ability to pay dividends to our common stockholders.

Applicable law restricts the payment of dividends from our Minera Mexico subsidiary to us.

Our subsidiary, Minera Mexico, is a Mexican company and, as such, may pay dividends only out of net income that has been approved by the shareholders. Shareholders must also approve the actual dividend payment, after mandatory legal reserves have been created and losses for prior fiscal years have been satisfied. These legal constraints may limit the ability of Minera Mexico to pay dividends to us, which in turn, may have an impact on our ability to pay stockholder dividends or to service debt.

Our operations are subject to risks, some of which are not insurable.

The business of mining, smelting and refining copper, zinc and other metals is subject to a number of risks and hazards, including industrial accidents, labor disputes, unusual or unexpected geological conditions, changes in the regulatory environment, environmental hazards, weather and other natural phenomena, such as, seismic activity. Such occurrences could result in damage to, or destruction of, mining operations resulting in monetary losses and possible legal liability. In particular, surface and underground mining and related processing activities present inherent risks of injury to personnel and damage to equipment. We maintain insurance against many of these and other risks, which in certain circumstances may not provide adequate coverage. Insurance against certain risks, including certain liabilities for environmental damage or hazards as a result of exploration and production, is not generally available to us or other companies within the mining industry. Nevertheless recent environmental legal initiatives have considered future regulations regarding environmental damage insurance. In case such regulations come into force, we will have to analyze the need to obtain such insurance. We do not have, and do not intend to obtain, political risk insurance. These or other uninsured events may adversely affect our financial condition and the results of operations.

Deliveries under our copper sales agreements can be suspended or cancelled by our customers in certain cases.

Under our sales agreements, we or our customers may suspend or cancel delivery of copper during a period of force majeure. Events of force majeure under these agreements include acts of nature, labor strikes, fires, floods, wars, transportation delays, government actions or other events that are beyond the control of the parties. Any suspension or cancellation by our customers of deliveries under our sales contracts that are not replaced by deliveries under new contracts or sales on the spot market would reduce our cash flow and could adversely affect our financial condition and results of operations.

The copper mining industry is highly competitive.

We face competition from other copper mining and producing companies around the world. We cannot assure you that competition will not adversely affect us in the future.

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In addition, mines have limited lives and, as a result, we must periodically seek to replace and expand our reserves by acquiring new properties. Significant competition exists to acquire properties producing or capable of producing copper and other metals.

The mining industry has experienced significant consolidation in recent years, including consolidation among some of our main competitors, as a result an increased percentage of copper production is from companies that also produce other products and may, consequently, be more diversified than we are. We cannot assure you that the result of current or future consolidation in the industry will not adversely affect us.

Potential changes to international trade agreements, trade concessions or other political and economic arrangements may benefit copper producers operating in countries other than Peru and Mexico, where our mining operations are currently located. We cannot assure you that we will be able to compete on the basis of price or other factors with companies that may benefit from future favorable trading or other arrangements.

Interruptions of energy supply or increases in energy costs and other production costs may adversely affect our results of operations.

We require substantial amounts of fuel oil, electricity and other resources for our operations. Fuel, gas and power costs constituted approximately 34.7% and 34.8% of our total production cost in 2013 and 2012, respectively. We rely upon third parties for our supply of the energy resources consumed in our operations. The prices for and availability of energy resources may be subject to change or curtailment, respectively, due to, among other things, new laws or regulations, imposition of new taxes or tariffs, interruptions in production by suppliers, worldwide price levels and market conditions. Disruptions in energy supply or increases in costs of energy resources or increases of other production costs could have a material adverse effect on our financial condition and results of operations.

Shortages of water supply, critical parts, equipment and skilled labor may adversely affect our operations and development projects.

Our mining operations require significant quantities of water for mining, ore processing and related support facilities. Although each operation currently has sufficient water rights to cover its operational demands, the loss of some or all water rights for any of our mines or operations, in whole or in part, or shortages of water to which we have rights could require us to curtail or shut down mining production and could prevent us from pursuing expansion opportunities. Additionally, we have not yet secured adequate water rights to support all of our announced expansion projects, and our inability to secure those rights could prevent us from pursuing some of those opportunities. In addition, future shortages of critical parts, equipment and skilled labor could adversely affect our operations and development projects.

Our results and financial condition are affected by global and local market conditions.

We are subject to the risks arising from adverse changes in domestic and global economic and political conditions. Our industry is cyclical by nature and fluctuates with economic cycles.

Weakness in the global economy can be marked by, among other adverse factors, lower levels of consumer and corporate confidence, decreased business investment, lower consumer spending, increased unemployment, reduced income and asset values in many areas, currency volatility and limited availability of credit and access to capital.

Concerns over weaknesses in the global economy may prompt our customers to slow down or reduce the purchase of our products. We may experience longer sales cycles, difficulty in collecting sales proceeds, and lower prices for our products. A change in the demand of our products could impact our results of operations and financial condition. We cannot provide any assurance that any of these events will not have a material adverse effect on market conditions, prices of our securities, our ability to obtain financing, and our results of operations and financial condition.

Environmental, health and safety laws, regulatory response to climate change, and other regulations may increase our costs of doing business, restrict our operations or result in operational delays.

Our exploration, mining, milling, smelting and refining activities are subject to a number of Peruvian and Mexican laws and regulations, including environmental laws and regulations, as well as certain industry technical standards. Additional

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matters subject to regulation include, but are not limited to, concession fees, transportation, production, water use and discharge, power use and generation, use and storage of explosives, surface rights, housing and other facilities for workers, reclamation, taxation, labor standards, mine safety and occupational health.

We are required to comply with occupational health and safety laws and regulations in Peru and Mexico where our operations are subject to periodic inspections by the relevant governmental authorities. These laws and regulations govern, among others, health and safety work place conditions, including high risk labor and the handling, storage and disposal of chemical and other hazardous substances. We believe our operations are in compliance in all material respects with applicable health and safety laws and regulations in the countries in which we operate. Compliance with these laws and regulations and new or existing regulations that may be applicable to us in the future could increase our operating costs and adversely affect our financial results of operations and cash flows.

We regularly monitor occupational health and safety performance and compliance through programs, reports and activities at our operations. Accidents are reported to Mexican and Peruvian authorities as required. In 2013, we did not have fatalities in Peru or in Mexico. In 2012, we had three fatalities in Mexico, three contractor employees and three fatalities in Peru, two Company employees and one contractor employee. The amounts paid to the Mexican and Peruvian authorities for reportable accidents did not have a material impact on our results. Under Mexican and Peruvian law penalties and fines for safety violations are generally monetary, but in certain cases may lead to the temporary or permanent shutdown of the affected facility or the suspension or revocation of permits or licenses. In 2013 and 2012, we were not subject to material penalties or sanctions and we did not experience any shutdowns of our work areas. Also, violation of security and safety laws and regulations in our Peruvian operations can be considered a crime, with a sentence of up to 10 years of prison.

Environmental regulations in Peru and Mexico have become increasingly stringent over the last decade and we have been required to dedicate more time and money to compliance and remediation activities. Furthermore, Mexican authorities have become more rigorous and strict in enforcing Mexican environmental laws. We expect additional laws and regulations will be enacted over time with respect to environmental matters.

The principal legislation applicable to our 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. Article 180 of this Law was amended in 2011. This amendment eases the ability for an individual or entity to contest administrative acts, including environmental authorizations, permits or concessions. As a result, more legal actions supported or sponsored by non-governmental groups, interested in halting projects, and not necessarily in protecting the rights of affected communities may be filed against us. Additionally, amendments to the Civil Federal Procedures Code and the enforcement of the Environmental Liability Federal Law may result in more litigation, including suspension of the activities alleged to cause harm and/or economic fines.

In 2003 and 2005, Peruvian environmental laws imposing closure and remediation obligations on the mining industry were enacted. Additionally, future changes to environmental laws and regulations could increase the extent of reclamation and remediation work required to be performed by us. Any such increases in future costs could materially impact the amounts charged to operations for reclamation and remediation.

In 2012, we decided to recognize an estimated asset retirement obligation for our mining properties in Mexico as part of our environmental commitment. Even though, there is currently no enacted law, statute, ordinance, or written or oral contract requiring us to carry out mine closure and environmental remediation activities, we believe that a constructive obligation presently exists based on, among other things, our remediation experience from the closure of the San Luis Potosi smelter in 2010. Moreover, our Mexican operations are also subject to the environmental agreement entered into by Mexico, the United States and Canada in connection with the North American Free Trade Agreement.

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This agreement, as well as new international treaties regarding human rights, contains environmental provisions and initiatives. We believe our operations are in material compliance with all environmental laws and regulations within the areas we operate.

Regulatory response to climate change, restrictions, caps, taxes, or other controls on emissions of greenhouse gasses, including on emissions from the combustion of carbon-based fuels, could significantly increase our operating costs. Restrictions on emissions could also affect our customers. A number of governments or governmental bodies have introduced or are contemplating regulatory changes in response to the potential impacts of climate change. These regulatory initiatives will be either voluntary or mandatory and may impact our operations directly or through our suppliers or customers.

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Our Peruvian operations are affected by environmental regulations which establish stringent air quality standards. The Peruvian environmental agency has designated three atmospheric basins that require further attention to comply with these air quality standards. The Ilo basin is one of these three areas. We expect to join the local government and other stakeholders in the Ilo basin to develop the action plan and evaluate alternatives and their feasibility in order to achieve these new air quality standards.

Additionally, in 2013, the Peruvian government enacted new soil environmental quality standards applicable to any existing facility or project that generates or could generate risk of soil contamination in its area of operation or influence. The rule applies to any existing facility or project and requires the company to report a soil testing analysis. We are waiting the complementary regulations to determine the impact of this rule.

The potential physical impacts of climate change on our operations are highly uncertain, and would be particular to the geographic location of our facilities. These may include changes in rainfall patterns, water shortages, changing sea levels, changing storm patterns and intensities, and changing temperatures. These effects may adversely impact the cost, production and financial performance of our operations.

The development of more stringent environmental protection programs in Peru and Mexico and in relevant trade agreements could impose constraints and additional costs on our operations requiring us to make significant capital expenditures in the future. We cannot assure you that current or future legislative, regulatory or trade developments will not have an adverse effect on our business, properties, operating results, financial condition or prospects.

Our metals exploration efforts are highly speculative in nature and may be unsuccessful.

Metals exploration is highly speculative in nature, involves many risks and is frequently unsuccessful. Once mineralization is discovered, it may take a number of years from the initial phases of drilling before production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish proven and probable ore reserves through drilling, to determine metallurgical processes to extract the metals from the ore and, in the case of new properties, to construct mining and processing facilities. We cannot assure you that our exploration programs will result in the expansion or replacement of current production with new proven and probable ore reserves.

Development projects have no operating history upon which we can base estimates of proven and probable ore reserves and estimates of future cash operating costs. Estimates are, to a large extent, based upon the interpretation of geological data obtained from drill holes and other sampling techniques, and feasibility studies that derive estimates of cash operating costs based upon anticipated tonnage and grades of ore to be mined and processed, the configuration of the ore body, expected recovery rates of the mineral from the ore, comparable facility and equipment operating costs, anticipated climatic conditions and other factors. As a result, actual cash operating costs and economic returns based upon development of proven and probable ore reserves may differ significantly from those originally estimated. Moreover, significant decreases in actual or expected prices may mean reserves, once found, will be uneconomical to produce.

We may be adversely affected by challenges relating to slope stability.

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Our open-pit mines get deeper as we mine them, presenting certain geotechnical challenges including the possibility of slope failure. If we are required to decrease pit slope angles or provide additional road access to prevent such a failure, our stated reserves could be negatively affected. Further, hydrological conditions relating to pit slopes, renewal of material displaced by slope failures and increased stripping requirements could also negatively affect our stated reserves. We have taken actions in order to maintain slope stability, but we cannot assure you that we will not have to take additional action in the future or that our actions taken to date will be sufficient. Unexpected failure or additional requirements to prevent slope failure may negatively affect our results of operations and financial condition, as well as have the effect of diminishing our stated ore reserves.

We may be adversely affected by labor disputes.

In the last several years we have experienced a number of strikes or other labor disruptions that have had an adverse impact on our operations and operating results. As of December 31, 2013, unions represented approximately 70.6% of our workforce. Currently, we have labor agreements in effect for our Mexican and Peruvian operations.

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Our Taxco and San Martin mines in Mexico, have been on strike since July 2007. It is expected that operations at these mines will remain suspended until these labor issues are resolved.

We cannot assure you when these strikes will be settled, or that in the future we will not experience strikes or other labor related work stoppages that could have a material adverse effect on our financial condition and results of operations.

Our new mining or metal production projects may be subject to additional costs due to community actions and other factors.

In recent years worldwide mining activity has been pressured by neighboring communities for financial commitments to fund social benefit programs and infrastructure improvements. Our projects in Peru are not exempt from these pressures. Our Tia Maria mine and Toquepala expansion projects in Peru have been delayed as we are trying to resolve difference with community groups. Please see further details in Note 13 Commitment and Contingencies - Other contingencies .

It appears that it is becoming a part of the Peruvian mining environment, that in order to obtain acceptance from local communities for projects in their localities, demands for substantial investments in community infrastructure and upgrades must be met in order to proceed with the mining projects.

We are confident that we will continue with the Tia Maria mine and the Toquepala expansion projects. However, we cannot assure you that we will not continue to incur additional costs for community infrastructure and upgrades in order to obtain the approval of current or future mining projects.

We are controlled by Grupo Mexico, which exercises control over our affairs and policies and whose interests may be different from yours.

At December 31, 2013, Grupo Mexico owned indirectly 82.3% of our capital stock. Certain of our and Minera Mexico s officers and directors are also directors and/or officers of Grupo Mexico and/or of its affiliates. We cannot assure you that the interests of Grupo Mexico will not conflict with our minority stockholders.

Grupo Mexico has the ability to determine the outcome of substantially all matters submitted for a vote to our stockholders and thus exercises control over our business policies and affairs, including the following:

- the composition of our Board of Directors and, as a result, any determinations of our Board with respect to our business direction and policy, including the appointment and removal of our officers;
- determinations with respect to mergers and other business combinations, including those that may result in a change of control;
- whether dividends are paid or other distributions are made and the amount of any dividends or other distributions;

- sales and dispositions of our assets; and
- the amount of debt financing that we incur.

We cannot assure you that increased financial obligations of Grupo Mexico or AMC resulting from financings or for other reasons will not result in our parent corporations obtaining loans, increased dividends or other funding from us.

In addition, we have in the past engaged in, and expect to continue to engage in, transactions with Grupo Mexico and its other affiliates which are related party transactions and may present conflicts of interest. For additional information regarding the share ownership of, and our relationships with, Grupo Mexico and its affiliates, see Note 18 Related Party Transactions.

We may not continue to pay a significant amount of our net income as cash dividends on our common stock in the future.

We have distributed a significant amount of our net income as dividends since 1996. Our dividend practice is subject to change at the discretion of our Board of Directors at any time. The amount that we pay in dividends is subject to a number of factors, including our results of operations, financial condition, cash requirements, tax considerations, future prospects, legal restrictions, contractual restrictions in credit agreements, limitations imposed by the government of Peru, Mexico or other countries where we have significant operations and other factors that our Board of Directors may deem relevant. In

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light of our capital investment program and the current global economic conditions, it is possible that future dividend distributions will be reduced from the levels of recent years.

International Risks

We are a company with substantial assets located outside of the United States. We conduct production operations in Peru and Mexico and exploration activities in these countries as well as in Chile, Argentina and Ecuador. Accordingly, in addition to the usual risks associated with conducting business in foreign countries, our business may be adversely affected by political, economic and social uncertainties in each of these countries. Such risks include possible expropriation or nationalization of property, confiscatory taxes or royalties, possible foreign exchange controls, changes in the national policy toward foreign investors, extreme environmental standards, etc.

Our insurance does not cover most losses caused by the above described risks. Consequently, our production, development and exploration activities in these countries could be substantially affected by factors beyond our control, some of which could materially and adversely affect our financial position or results of operations.

Risks Associated with Doing Business in Peru and Mexico

There is uncertainty as to the termination and renewal of our mining concessions.

Under the laws of Peru and Mexico, mineral resources belong to the state and government concessions are required in both countries to explore for or exploit mineral reserves. In Peru, our mineral rights derive from concessions from MINEM for our exploration, exploitation, extraction and/or production operations. In Mexico, our mineral rights derive from concessions granted, on a discretionary basis, by the Ministry of Economy, pursuant to Mexican mining law and regulations thereunder.

Mining concessions in both Peru and Mexico may be terminated if the obligations of the concessioner are not satisfied. In Peru, we are obligated to pay certain fees for our mining concession. In Mexico, we are obligated, among other things, to explore or exploit the relevant concession, to pay any relevant fees, to comply with all environmental and safety standards, to provide information to the Ministry of Economy and to allow inspections by the Ministry of Economy. Any termination or unfavorable modification of the terms of one or more of our concessions, or failure to obtain renewals of such concessions subject to renewal or extensions, could have a material adverse effect on our financial condition and prospects.

Peruvian economic and political conditions may have an adverse impact on our business.

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A significant part of our operations are conducted in Peru. Accordingly, our business, financial condition or results of operations could be affected by changes in economic or other policies of the Peruvian government or other political, regulatory or economic developments in the country. During the past several decades, Peru has had a succession of regimes with differing policies and programs. Past governments have frequently intervened in the nation's economy and social structure. Among other actions, past governments have imposed controls on prices, exchange rates and local and foreign investments, as well as limitations on imports, have restricted the ability of companies to dismiss employees and have prohibited the remittance of profits to foreign investors.

In more recent years Peru has had political and social stability. The Peruvian government's economic policies reduced inflation and the Peruvian economy has experienced significant growth. On October 5, 2014 Peru will hold regional and mayor elections and, in 2016, a new presidential election. Peruvian law prohibits the immediate reelection of the current president.

Because we have significant operations in Peru, we cannot provide any assurance that political developments and economic conditions in Peru and/or other factors will not have a material adverse effect on market conditions, prices of our securities, our ability to obtain financing, and our results of operations and financial condition.

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Mexican economic and political conditions, as well as drug-related violence, may have an adverse impact on our business.

The Mexican economy is highly sensitive to economic developments in the United States, mainly because of its high level of exports to the United States market. The recent global financial crisis and the subsequent downturn in the United States economy caused real gross domestic product in Mexico to decrease 6.6% in 2009. Mexico's policy measures in response to the crisis and its prior economic performance have helped the economy begin a recovery. Gross domestic product grew by 1.3% and 3.8% in 2013 and 2012, respectively, and the Bank of Mexico expects a growth between 3% and 4% in 2014. Other risks in Mexico are increases in taxes on the mining sector and higher royalties as was just enacted in December 2013. As has occurred in other metal producing countries, the mining industry may be perceived as a source of additional fiscal revenue.

Regarding the political situation in Mexico, security institutions are under significant stress, as a result of drug-related violence. This situation creates potential risks especially for transportation of minerals and finished products, which affect a small part of our production. However, drug-related violence has had a limited impact on our operations as it has tended to concentrate outside our areas of production. If this were to change, the risk to our operations might increase.

Because we have significant operations in Mexico, we cannot provide any assurance that political developments and economic conditions, as well as drug-related violence, in Mexico will not have a material adverse effect on market conditions, prices of our securities, our ability to obtain financing, and our results of operations and financial condition.

Peruvian inflation and fluctuations in the nuevo sol exchange rate may adversely affect our financial condition and results of operations.

Although the U.S. dollar is our functional currency and our revenues are primarily denominated in U.S. dollars, due to the countries we operate, portions of our operating costs are denominated in Peruvian nuevos soles. Accordingly, when inflation or deflation in Peru is not offset by a change in the exchange rate of the Nuevo sol, our financial position, results of operations, cash flows and the market price of our common stock, could be affected.

Over the past several years, Peru has experienced one of its best economic periods. Inflation in 2013, 2012 and 2011 was 2.9%, 2.6% and 4.8%, respectively. The value of the nuevo sol has devaluated against the U.S. dollar 9.6% in 2013 and appreciated against the U.S. dollar, 5.4% in 2012 and 4.0% in 2011. Although the Peruvian government's economic policy reduced inflation and the economy has experienced significant growth in recent years, we cannot assure you that inflation will not increase from its current level or that such growth will continue in the future at similar rates or at all. Additionally a global financial economic crisis, could negatively affect the Peruvian economy.

To manage the volatility related to the risk of currency rate fluctuations, we may enter into forward exchange contracts. We cannot assure you, however, that currency fluctuations will not have an impact on our financial condition and results of operations.

Mexican inflation, restrictive exchange control policies and fluctuations in the peso exchange rate may adversely affect our financial condition and results of operations.

Although all of our Mexican operations' sales of metals are priced and invoiced in U.S. dollars, a substantial portion of its costs are denominated in pesos. Accordingly, when inflation in Mexico increases without a corresponding depreciation of the peso the net income generated by our Mexican operations is adversely affected. The annual inflation rate in Mexico was 4.0% in 2013, 3.6% in 2012 and 3.8% in 2011. The Bank of Mexico has publicly announced a target of 3.8% inflation for 2014.

At the same time, the peso has been subject in the past to significant volatility, which may not have been proportionate to the inflation rate and may not be proportionate to the inflation rate in the future. The value of the peso to the U.S. dollar decreased by 0.5% in 2013, increased by 6.9% in 2012, and decreased by 13.1% in 2011.

The Mexican government does not currently restrict the ability of Mexican companies or individuals to convert pesos into dollars or other currencies. While we do not expect the Mexican government to impose any restriction or exchange control policies in the future, it is an area we closely monitor. We cannot assure you the Mexican government will maintain its

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current policies with regard to the peso or that the peso's value will not fluctuate significantly in the future. The imposition of exchange control policies could impair Minera Mexico's ability to obtain imported goods and to meet its U.S. dollar-denominated obligations and could have an adverse effect on our business and financial condition.

Developments in other emerging market countries and in the United States may adversely affect the prices of our common stock and our debt securities.

The market value of securities of companies with significant operations in Peru and Mexico is, to varying degrees, affected by economic and market conditions in other emerging market countries. Although economic conditions in such countries may differ significantly from economic conditions in Peru or Mexico, as the case may be, investors' reactions to developments in any of these other countries may have an adverse effect on the market value or trading price of the securities, including debt securities, of issuers that have significant operations in Peru or Mexico.

In addition, in recent years economic conditions in Mexico have increasingly become correlated to U.S. economic conditions. Therefore, adverse economic conditions in the United States could also have a significant adverse effect on Mexican economic conditions, including the price of our common stock or debt securities.

We cannot assure you that the market value or trading prices of our common stock and debt securities, will not be adversely affected by events in the United States or elsewhere, including in emerging market countries.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None

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ITEM 2. PROPERTIES

We were incorporated in Delaware in 1952. Our corporate offices in the United States are located at 1440 East Missouri Avenue Suite 160, Phoenix, Arizona 85014. Our Phoenix telephone number is (602) 264-1375. Our corporate offices in Mexico are located in Mexico City and our corporate offices in Peru are located in Lima. Our website is www.southerncoppercorp.com. We believe that our existing properties are in good condition and suitable for the conduct of our business.

REVIEW OF OPERATIONS

The following maps set forth the locations of our principal mines, smelting facilities and refineries. We operate open-pit copper mines in the southern part of Peru at Toquepala and Cuajone and in Mexico, principally at La Caridad and Buenavista. We also operate five underground mines that produce zinc, copper, silver and gold, as well as a coal mine and a coke oven.

EXTRACTION, SMELTING AND REFINING PROCESSES

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Our operations include open-pit and underground mining, concentrating, copper smelting, copper refining, copper rod production, solvent extraction/electrowinning (SX-EW), zinc refining, sulfuric acid production, molybdenum concentrate production and silver and gold refining. The extraction and production process are summarized below.

OPEN-PIT MINING

In an open-pit mine, the production process begins at the mine pit, where waste rock, leaching ore and copper ore are drilled and blasted and then loaded onto diesel-electric trucks by electric shovels. Waste is hauled to dump areas and leaching ore is hauled to leaching dumps. The ore to be milled is transported to the primary crushers.

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UNDERGROUND MINING

In an underground mine, the production process begins at the stopes, where copper, zinc and lead veins are drilled and blasted and the ore is hauled to the underground crusher station. The crushed ore is then hoisted to the surface for processing.

CONCENTRATING

The copper ore with a copper grade over 0.4% from the primary crusher or the copper, zinc and lead-bearing ore from the underground mines is transported to a concentrator plant where gyratory crushers break the ore into sizes no larger than three-quarter of an inch. The ore is then sent to a mill section where it is ground to the consistency of fine powder. The finely ground ore is mixed with water and chemical reagents and pumped as a slurry to the flotation separator where it is mixed with certain chemicals. In the flotation separator, reagent solutions and air pumped into the flotation cells cause the minerals to separate from the waste rock and bubble to the surface where they are collected and dried.

If the bulk concentrated copper contains molybdenum it is first processed in a molybdenum plant as described below under Molybdenum Production.

COPPER SMELTING

Copper concentrates are transported to a smelter, where they are smelted using a furnace, converter and anode furnace to produce either blister copper (which is in the form of cakes with air pockets) or copper anodes (which are cleaned of air pockets). At the smelter, the concentrates are mixed with flux (a chemical substance intentionally included for high temperature processing) and then sent to reverberatory furnaces producing copper matte and slag (a mixture of iron and other impurities). Copper matte contains approximately 65% copper. Copper matte is then sent to the converters, where the material is oxidized in two steps: (i) the iron sulfides in the matte are oxidized with silica, producing slag that is returned to the reverberatory furnaces, and (ii) the copper contained in the matte sulfides is then oxidized to produce copper that, after casting, is called blister copper, containing approximately 98% to 99% copper, or anodes, containing approximately 99.7% copper. Most of the blister and anode production is sent to the refinery and the remainder is sold to customers.

COPPER REFINING

Anodes are suspended in tanks with a solution containing water, sulfuric acid and copper sulfate. A weak electrical current is passed through the anodes and chemical solution and the dissolved copper is deposited on very thin starting sheets to produce copper cathodes containing approximately 99.99% copper. During this process, silver, gold and other metals (for example, palladium, platinum and selenium), along with other impurities, settle on the bottom of the tank (anodic muds). This anodic mud is processed at a precious metal plant where selenium, silver and gold are recovered.

COPPER ROD PLANT

To produce copper rod, copper cathodes are first smelted in a furnace and then dosified in a casting machine. The dosified copper is then extruded and passed through a cooling system that begins solidification of copper into a 60×50 millimeter copper bar. The resulting copper bar is gradually stretched in a rolling mill to achieve the desired diameter. The rolled bar is then cooled and sprayed with wax as a preservation agent and collected into a rod coil that is compacted and sent to market.

SOLVENT EXTRACTION/ELECTROWINNING (SX-EW)

A complementary processing method is the leaching and SX-EW process. During the SX-EW process, low-grade sulfides ore with a copper grade and copper oxides are leached with sulfuric acid to allow copper content recovery. The acid and copper solution is then agitated with a solvent that contains chemical additives that attract copper ions. As the solvent is lighter than water, it floats to the surface carrying with it the copper content. The solvent is then separated using an acid solution, freeing the copper. The acid solution containing the copper is then moved to electrolytic extraction tanks to produce copper cathodes.

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MOLYBDENUM PRODUCTION

Molybdenum is recovered from copper-molybdenum concentrates produced at the concentrator. The copper-molybdenum concentrate is first treated with a thickener until it becomes slurry with 60% solids. The slurry is then agitated in a chemical and water solution and pumped to the flotation separator. The separator creates a froth that carries molybdenum to the surface but not the copper mineral (which is later filtered to produce copper concentrates containing approximately 27% copper). The molybdenum froth is skimmed off, filtered and dried to produce molybdenum concentrates of approximately 58% contained molybdenum.

ZINC REFINING

Metallic zinc is produced through electrolysis using zinc concentrates and zinc oxides. Sulfur is eliminated from the concentrates by roasting and the zinc oxide is dissolved in sulfuric acid solution to eliminate solid impurities. The purified zinc sulfide solution is treated by electrolysis to produce refined zinc and to separate silver and gold, which are recovered as concentrates.

SULFURIC ACID PRODUCTION

Sulfur dioxide gases are produced in the copper smelting and zinc roasting processes. As a part of our environmental preservation program, we treat the sulfur dioxide emissions at two of our Mexican plants and at Peruvian processing facilities to produce sulfuric acid, some of which is, in turn, used for the copper leaching process, with the rest sold to mining and fertilizer companies located principally in Mexico, Peru, United States, Chile and other countries.

SILVER AND GOLD REFINING

Silver and gold are recovered from copper, zinc and lead concentrates in the smelters and refineries, and from slimes through electrolytic refining.

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KEY PRODUCTION CAPACITY DATA:

All production facilities are owned by us. The following table sets forth as of December 31, 2013, the locations of production facilities by reportable segment, the processes used, as well as the key production and capacity data for each location:

Facility Name	Location	Process	Nominal Capacity (1)		2013 Production	2013 Capacity Use
PERUVIAN OPEN-PIT UNIT						
Mining Operations						
Cuajone open-pit mine	Cuajone (Peru)	Copper ore milling and recovery, copper and molybdenum concentrate production	87.0 ktpd	ore milled	81.6	93.8%
Toquepala open-pit mine	Toquepala (Peru)	Copper ore milling and recovery, copper and molybdenum concentrate production	60.0 ktpd	ore milled	56.4	94.0%
Toquepala SX-EW plant	Toquepala (Peru)	Leaching, solvent extraction and cathode electrowinning	56.0 ktpy	refined	28.4	50.7%
Processing Operations						
Ilo copper smelter	Ilo (Peru)	Copper smelting, blister, anodes production	1,200.0 ktpy	concentrate feed	1,072.8	89.4%
Ilo copper refinery	Ilo (Peru)	Copper refining	280 ktpy	refined cathodes	271.0	96.8%
Ilo acid plants	Ilo (Peru)	Sulfuric acid	1,050 ktpy	- sulfuric acid	1,025.8	97.7%
Ilo precious metals refinery	Ilo (Peru)	Slime recovery & processing, gold & silver refining	320 tpy		311.6	97.4%
MEXICAN OPEN-PIT UNIT						
Mining Operations						
Buenavista open-pit mine	Sonora (Mexico)	Copper ore milling & recovery, copper concentrate production	76.7 ktpd	milling	69.3	90.3%
Buenavista SX-EW I, II plants	Sonora (Mexico)	Leaching, solvent extraction & refined cathode electrowinning	54.8 ktpy (combined)		66.4	121.2%
La Caridad open-pit mine	Sonora (Mexico)	Copper ore milling & recovery, copper & molybdenum concentrate production	91.0 ktpd	milling	92.1	101.2%
La Caridad SX-EW plant	Sonora (Mexico)	Leaching, solvent extraction & cathode electrowinning	21.9 ktpy	refined	23.9	109.1%
Processing Operations						

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La Caridad copper smelter	Sonora (Mexico)	Concentrate smelting, anode production	1,000 ktpy concentrate feed	722.6	72.3%
La Caridad copper refinery	Sonora (Mexico)	Copper refining	300 ktpy copper cathode	188.0	62.7%
La Caridad copper rod plant	Sonora (Mexico)	Copper rod production	150 ktpy copper rod	126.8	84.5%
La Caridad precious metals refinery	Sonora (Mexico)	Slime recovery & processing, gold & silver refining	1.8 ktpy slime	1.1	61.2%
La Caridad sulfuric acid plant	Sonora (Mexico)	Sulfuric acid	1,565.5 ktpy sulfuric acid	719.5	46.0%

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Charcas	San Luis Potosi (Mexico)	Copper, zinc, lead milling, recovery & concentrate production	1,460 ktpy	ore milled	1,180	80.8%
San Martin (2)	Zacatecas (Mexico)	Lead, zinc, copper & silver mining, milling recovery & concentrate production	1,606 ktpy	ore milled		
Santa Barbara	Chihuahua (Mexico)	Lead, copper and zinc mining & concentrates production	2,190 ktpy	ore milled	1,595	72.8%
Santa Eulalia	Chihuahua (Mexico)	Lead & zinc mining and milling recovery & concentrate production	547.5 ktpy	ore milled	290	53.0%
Taxco (2)	Guerrero (Mexico)	Lead, zinc silver & gold mining recovery & concentrate production	730 ktpy	ore milled		
Nueva Rosita coal & coke complex(3)	Coahuila (Mexico)	Clean coal production	900 ktpy	clean coal	291.5	32.4%
			100 ktpy	coke	93.2	93.2%
Processing Operations						
San Luis Potosi zinc refinery	San Luis Potosi (Mexico)	Zinc concentrates refining	105.0 ktpy	zinc cathode	97.7	93.0%
San Luis Potosi sulfuric acid plant	San Luis Potosi (Mexico)	Sulfuric acid	180.0 ktpy	sulfuric acid	175.2	97.4%

ktpd = thousands of tons per day

ktpy = thousands of tons per year

Tpy = tons per year

(1) Our estimates of actual capacity under normal operating conditions with allowance for normal downtime for repairs and maintenance and based on the average metal content for the relevant period.

(2) The Taxco and San Martin mines have been on strike since July 2007.

(3) At December 31, 2013, the coal reserves for the Nueva Rosita coal plant were 100.5 million tons with average sulfur content of 1.1% and a BTU content of 8,503 per pound.

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PROPERTY BOOK VALUE

At December 31, 2013, net book values of property are as follows (in millions):

Peruvian operations:		
Cuajone	\$	488.3
Toquepala		614.3
Tia Maria project		345.1
Ilo and other support facilities		560.9
Construction in progress		442.8
Total	\$	2,451.4
Mexican open-pit operations:		
Buenavista	\$	2,130.5
La Caridad		874.1
Construction in progress		533.5
Mexicana del Arco		41.8
Total	\$	3,579.9
Mexican IMMSA unit:		
San Luis Potosi	\$	31.8
Zinc electrolytic refinery		72.8
Charcas		41.9
San Martin		15.1
Santa Barbara		74.4
Taxco		3.8
Santa Eulalia		35.3
Nueva Rosita		20.1
Construction in progress and other facilities		83.0
Total	\$	378.2
Mexican administrative offices	\$	70.3
Intersegment elimination	\$	(3.6)
Total Southern Copper Corporation	\$	6,476.2

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SUMMARY OPERATING DATA

The following table sets out certain operating data underlying our financial and operating information for each of the periods indicated.

	Year Ended December 31,			2013-2012		Variance	
	2013	2012	2011	Volume	%	Volume	%
COPPER (thousand pounds):							
Mined							
Peru open-pit							
Toquepala	244,031	264,794	265,390	(20,763)	(7.8)%	(596)	(0.2)%
Cuajone	371,660	350,079	308,956	21,581	6.2%	41,123	13.3%
SX-EW Toquepala	62,611	70,976	77,872	(8,365)	(11.8)%	(6,896)	(8.9)%
Mexico open-pit							
La Caridad	213,545	215,715	197,927	(2,170)	(1.0)%	17,788	9.0%
Buenavista	255,324	295,345	242,832	(40,021)	(13.6)%	52,513	21.6%
SX-EW La Caridad	52,636	50,284	52,587	2,352	4.7%	(2,303)	(4.4)%
SX-EW Buenavista	146,348	145,734	137,440	614	0.4%	8,294	6.0%
IMMSA unit	14,136	12,915	12,189	1,221	9.5%	726	6.0%
Total Mined	1,360,291	1,405,842	1,295,193	(45,551)	(3.2)%	110,649	8.5%
Smelted							
Peru open-pit							
Blister Ilo	3,681	72,407		(68,726)	(94.9)%	72,407	100%
Anodes Ilo	711,292	584,694	744,747	126,598	21.7%	(160,053)	(21.5)%
Mexico open-pit							
Anodes La Caridad	486,726	575,277	510,766	(88,551)	(15.4)%	64,511	12.6%
Total Smelted	1,201,699	1,232,378	1,255,513	(30,679)	(2.5)%	(23,135)	(1.8)%
Refined							
Peru Open-pit							
Cathodes Ilo	597,353	475,452	575,391	121,901	25.6%	(99,939)	(17.4)%
SX-EW Toquepala	62,611	70,976	77,872	(8,365)	(11.8)%	(6,896)	(8.9)%
Mexico Open-pit							
Cathodes La Caridad	414,472	471,193	411,933	(56,721)	(12.0)%	59,260	14.4%
SX-EW La Caridad	52,636	50,284	52,587	2,352	4.7%	(2,303)	(4.4)%
SX-EW Buenavista	146,348	145,734	137,440	614	0.4%	8,294	6.0%
Total Refined	1,273,420	1,213,639	1,255,223	59,781	4.9%	(41,584)	(3.3)%
Rod Mexico Open-pit - La Caridad	279,546	266,298	237,933	13,248	5.0%	28,365	11.9%
SILVER (thousand ounces)							
Mined							
Peru Open-pit							

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Toquepala	1,402	1,689	1,707	(287)	(17.0)%	(18)	(1.1)%
Cuajone	2,190	2,117	1,918	73	3.4%	199	10.4%
Mexico Open-pit							
La Caridad	1,840	1,891	1,776	(51.0)	(2.7)%	115	6.5%
Buenavista	1,910	1,972	1,464	(62.0)	(3.1)%	508	34.7%
IMMSA unit	6,170	5,974	5,866	196	3.3%	108	1.8%
Total Mined	13,512	13,643	12,731	(131)	(1.0)%	912	7.2%

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	Year Ended December 31,			2013-2012		Variance		2012-2011	
	2013	2012	2011	Volume	%	Volume	%		
Refined									
Peru Open-pit Ilo	3,221	2,881	3,152	340	11.8%	(271)	(8.6)%		
Mexico Open-pit La Caridad	9,343	8,622	6,913	721	8.4%	1,709	24.7%		
IMMSA unit	3,009	2,365	2,524	644	27.2%	(159)	(6.3)%		
Total Refined	15,573	13,868	12,589	1,705	12.3%	1,279	10.2%		

MOLYBDENUM

(thousand pounds)

Mined

Toquepala	10,278	9,850	11,823	428	4.3%	(1,973)	(16.7)%		
Cuajone	6,907	6,307	6,144	600	9.5%	163	2.7%		
Buenavista	792			792					
La Caridad	25,888	24,181	22,973	1,707	7.1%	1,208	5.3%		
Total Mined	43,865	40,338	40,940	3,527	8.7%	(602)	(1.5)%		

ZINC (thousand pounds)

Mined IMMSA	219,077	198,160	184,763	20,917	10.6%	13,397	7.3%		
Refined IMMSA	215,374	206,225	200,332	9,149	4.4%	5,893	2.9%		

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SLOPE STABILITY:

Peruvian Operations

The Toquepala and Cuajone pits are approximately 825 meters and 900 meters deep, respectively. Under the present mine plan configuration the Toquepala pit will reach a depth of 1,635 meters and the Cuajone pit will reach a depth of 1,290 meters. The deepening pits present us with a number of geotechnical challenges. Perhaps the foremost concern is the possibility of slope failure, a possibility that all open-pit mines face. In order to maintain slope stability, in the past we have decreased pit slope angles, installed additional or duplicate haul road access, and increased stripping requirements. We have also responded to hydrological conditions and removed material displaced by slope failures. To meet the geotechnical challenges relating to slope stability of the open-pit mines, we have taken the following steps:

In the late 1990s we hosted round table meetings in Vancouver, B.C. with a group of recognized slope stability and open-pit mining specialists. The agenda for these meetings was principally a review of pit design for mines with greater than 700 meter depth. The discussions included practices for monitoring, data collection and blasting processes.

Based on the concepts defined at the Vancouver meetings, we initiated slope stability studies to define the mining of reserves by optimum design. These studies were performed by outside consultants and included slope stability appraisals, evaluation of the numerical modeling, slope performance and inter-ramp angle design and evaluation of hydrological conditions.

The studies were completed in 2000 and we believe we implemented the study recommendations. One of the major changes implemented was slope angle reduction at both mines, Toquepala by an average of five degrees and Cuajone by an average of seven degrees. Although this increased the waste included in the mineable reserve calculation, it also improved the stability of the pits.

In the Toquepala mine in 2007 we installed 20 meter wide geotechnical berms every 10 benches. We believe this will further strengthen the stability of the Toquepala pit.

Since 1998, a wall depressurization program has been in place in both pits. This consists of a horizontal drilling program, which improves drainage thereby reducing saturation and increasing wall stability. Additionally, a new blasting control program was put in place, implementing vibration monitoring and blasting designs of low punctual energy. Also a new slope monitoring system was implemented using reflection prisms, deformation inclinometers and piezometers for water level control, as well as real-time robotic monitoring equipment. In February 2012, a monitoring slope radar system was put in place at the Cuajone mine. In October 2012 two interferometric radars were put in place to monitor slope stability at the Toquepala mine, and in September 2013, new full monitoring software (FMS360) was installed. These systems improve the reliability of instrumentation, the information quality for assessing the behavior of the slopes and anticipates the risks of instability.

In 2013, a program of oriented geotechnical drilling, totaling 20,000 meters, was executed at the Toquepala mine. This program, which began in May 2013, is part of the slope stability upgrade study and it is being executed by the team of mining consultants, including Itasca S.A., Stacey

Mining Geotechnical Ltd. and Piteau Associates. During the execution of this program additional instrumentation has been implemented, including eight vibrating wire piezometers. The study report will include slope stability appraisals, evaluation of the numerical modeling, slope performance and inter-ramp angle design and evaluation of hydrogeological conditions. Additionally, in 2013, at the Toquepala mine, 366.15 meters of geotechnical drilling was carried out to install 3 inclinometers in the instability zone of the west ramp.

At the Cuajone mine, in 2007 in order to minimize the damage to the slopes caused by production blast vibrations, blasting control using three pre-split drills was implemented. Also, the slope monitoring system with reflection prisms has been replaced by a system using slope monitoring radar. In February 2012, the first radar equipment was put in service followed in August 2013 with the second radar installation and a geotechnical surveillance camera was added. This new system improves the reliability and continuity of monitoring, improves the quality of information used to evaluate the performance of the slopes and helps better anticipate the risk of instability. The sub-surface deformation and the water level are still monitored with inclinometers and piezometers. In September 2012, we completed a program of oriented geotechnical drilling, totaling 17,938 meters, and in May 2013 we completed a program of vertical geotechnical drilling, totaling 2,814 meters, with hydraulic tests performed on rock and subsequently instrumented with inclinometers/piezometers. The

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geotechnical and hydraulic information obtained from the two programs will be used in the development of a geotechnical study for the new 15 year mine development plan (2015-2029). Also during 2013 we drilled 772 meters of sub-horizontal holes in order to drain the east slope of the pit. The geotechnical study for the new 15 years mine development plan, is being prepared by SRK Consulting Chile and is expected to be completed in the second half of 2014, this study will contain recommendations for improving the stability of the pit slopes.

In 2013, the Board of Directors approved a project to improve slope stability at the south area of the Cuajone mine, which will remove approximately 148 million tons of waste material in order to improve the mine design without reducing our actual production level. For further information see Item 7. Management Discussion and Analysis Capital Investment Program.

In 2013, a mining consulting group began a study of dump stability at the Toquepala mine. This study will include an assessment of the current stability of the dumps and will develop a geotechnical campaign to obtain information to assess the stability of the future and final stages of the dumps.

To increase the possibility of mining in the event of a slide, we have provided for two ramps of extraction for each open-pit mine. While these measures cannot guarantee that a slope failure will not occur, we believe that our mining practices are sound and that the steps taken and the ongoing reviews performed are a prudent methodology for open-pit mining.

Mexican operations

In 2004, our 15-year mine plan study for the La Caridad mine was awarded to an independent consulting firm to conduct a geotechnical evaluation. The purpose of the plan was to develop a program of optimum bench design and inter-ramp slope angles for the open-pit. A number of recommendations and observations were presented by the consultants. These included a recommendation of a maximum average bench face angle of 72 degrees. Additionally, single benching was recommended for the upper sections of the west, south and east walls of the main pit. Likewise, double benching was recommended for the lower levels of the main pit and single benching for the upper slope segments that consist of either alluvial material, mine waste dumps or mineralized stockpile material. Alternatively, slopes in these types of materials, may be designed with an overall 37 degree slope. The geostructural and geotechnical parameters recommended were applied in the pit design for the new life of the mine plan for La Caridad mine prepared in 2010. This mine plan replaced the 15-year mine plan prepared in 2004. However, since final pit limits have not been yet established at La Caridad, all current pit walls are effectively working slopes. Geostructural and geotechnical data collected at the open-pit mine from cell-mapping and oriented-core drilling databases provided the basis for the geotechnical evaluation and recommendations. We continue to collect new information related to geotechnical data and other geology features in order to ensure the structural security and also to improve the geotechnical data base for future studies

At the Buenavista mine, we are following the recommendations of a geotechnical evaluation of design slope for the 15-year pit plan. This evaluation was prepared by an independent mine consulting firm. This evaluation included the determination of optimum pit slope design angles and bench design parameters for the proposed mine plan. The objective of the study was: 1) to determine optimum inter-ramp slope angles and bench design parameters for the 15-year plan and 2) to identify and analyze any potential major instability that could adversely impact mine operation. In 2012, we installed a radar system to monitor the walls of the mine.

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The following recommendations were made for the Buenavista mine: inter-ramp slope design angles for the 15-year pit plan, for all of the 21 design sectors, defined on a rock-fabric-based catch bench analysis, using double bench, can range from 48° and 55°, and the inter-ramp slope angles are based on geometries that resulted from the back-break analysis using 80% reliability of achieving the required 7.5 meter catch bench width for a single bench configuration and 10.6 meter catch bench width for a double bench configuration. Preliminary observations suggest the 15-year pit walls may be relative free-draining, the back-break analysis assumed depressurized conditions of mine benches, and the inter-ramp stability analysis were performed for both, saturated and depressurized conditions.

A pit dewatering/depressurization plan for the Buenavista mine was also recommended to address the issues of open-pit drainage, dewatering plan and future slope depressurization. Phase I of the geohydrological study was completed by an independent consultant. The analysis included a preliminary assessment and work plan implementations.

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In 2011, five wells for extraction and monitoring were drilled close to the mine. Also, we began a drilling program to monitor possible water filtration beyond the limits of the open-pit mine. All the information obtained from these well drilling programs has been analyzed and included in the hydrologic model. The open-pit dewatering program from the bottom benches also continued during 2012 with a drilling program of 3,797 meters in several monitoring wells in order to allow us to continue with the current mining plan.

In 2013, Buenavista continued the executive drilling program of monitoring and extraction wells in the area of Increment (Phase) 5 of the mine and beyond the current limits of the open pit mine.

During 2013, the program to dewater the Buenavista pit bottom was continued in accordance with the short and medium term mine plans. Pumping from sumps located in Increment 5, permitted mining of high grade copper blocks. Concurrent with this operational task, a geophysical study was conducted to determine the best locations for water extraction wells to control the inflow of water to the pit bottom and thus allow us to continue our mining operations. The water extracted is being used for various purposes, including road irrigation for dust mitigation. The geophysical investigation also permitted the location of underground workings and the filtration and seepage through fractures.

A total of 7,339 meters were drilled during 2013 for 30 extraction wells, three of these wells are located in the area of Increment (Phase) 5. The rest were drilled at various locations outside of the current open pit mine limit.

Various studies are now being conducted by outside specialized consultants in order to establish long-range mine water management objectives and to implement recommendations for the efficient use of this resource.

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METAL PRODUCTION BY SEGMENTS

Set forth below are descriptions of the operations and other information relating to the operations included in each of our three segments.

PERUVIAN OPERATIONS

Our Peruvian segment operations include the Cuajone and Toquepala mine complexes and the smelting and refining plants, industrial railroad which links Ilo, Toquepala and Cuajone and the port facilities.

Following is a map indicating the approximate location of, and access to, our Cuajone and Toquepala mine complexes, as well as our Ilo processing facilities:

Cuajone

Our Cuajone operations consist of an open-pit copper mine and a concentrator located in southern Peru, 30 kilometers from the city of Moquegua and 840 kilometers from Lima. Access to the Cuajone property is by plane from Lima to Tacna (1:40 hours) and then by highway to Moquegua and Cuajone (3:30 hours). The concentrator has a milling capacity of 87,000 tons per day. Overburden removal commenced in 1970 and ore production commenced in 1976. Our Cuajone operations utilize a conventional open-pit mining method to collect copper ore for further processing at the concentrator.

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The table below sets forth 2013, 2012 and 2011 production information for our Cuajone operations:

Mine annual operating days		365	366	365
Total ore mined	(kt)	29,269	28,708	29,073
Leach material mined	(kt)	3,071	554	3,096
Stripping ratio	(x)	4.92	4.37	3.82
<u>Concentrator</u>				
Copper recovery	(%)	85.91	84.57	83.69
Copper in concentrate	(kt)	168.6	158.8	140.1

<u>Molybdenum</u>				
Molybdenum recovery	(%)	71.53	71.15	73.90
Molybdenum concentrate average grade	(%)	53.66	53.42	53.71

Key: kt = thousand tons

x = Stripping ratio obtained dividing waste plus leachable material by ore mined.

Copper and molybdenum grades are referred to as total copper grade and total molybdenum grade, respectively.

We continuously improve and renovate our equipment. Major Cuajone mine equipment includes:

- Fifteen 290-ton capacity trucks,
- thirteen 218-ton capacity trucks,
- nine 231-ton capacity trucks,
- thirteen 360-ton capacity trucks,
- three 56-cubic yard capacity shovels,

- one 73-cubic yard shovel,
- one 60-cubic yard shovel,
- one 42-cubic yard shovel,
- one 33-cubic yard capacity front loader,
- one 50-cubic yard capacity front loader,
- six electric drills, and
- three diesel drills for pre-splitting.

Auxiliary equipment includes:

- Eight wheel bulldozers,
- eleven Caterpillar bulldozers,
- one 988 CAT front loaders,
- three 966 CAT front loaders,
- one 992 CAT front loader,
- five motorgraders, and
- four 785 CAT tanks.

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The Cuajone porphyry copper deposit is located on the western slopes of Cordillera Occidental, in the southern-most Andes Mountains of Peru. The deposit is part of a mineral district that contains two additional known deposits, Toquepala and Quellaveco. The copper mineralization at Cuajone is typical of porphyry copper deposits.

The Cuajone deposit is located approximately 28 kilometers from the Toquepala deposit and is part of the Toquepala Group dated 60 to 100 million years (Upper Cretaceous to Lower Tertiary). The Cuajone lithology includes volcanic rocks from Cretaceous to Quaternary. There are 32 rock types including, pre-mineral rocks, basaltic andesite, porphyritic rhyolite, Toquepala dolerite and intrusive rocks, including diorite, porphyritic latite, breccias and dikes. In addition, the following post-mineral rocks are present, the Huaylillas formation which appears in the south-southeast side of the deposit and has been formed by conglomerates, tuffs, traquites and agglomerates. These formations date 17 to 23 million years and are found in the Toquepala Group as discordance. The Chuntacala formation which dates 9 to 14 million years and is formed by conglomerates, flows, tuffs and agglomerates placed gradually in some cases and in discordance in others. Also Quaternary deposits are found in the rivers, creeks and hills. The mineralogy is simple with regular grade distribution and vertically funnel-shaped. Ore minerals include chalcopyrite (CuFeS₂), chalcocite (Cu₂S) and molybdenite (MoS₂) with occasional galena, tetradrite and enargite as non economical ore.

Mine exploration

Exploration activities during the drill campaign in 2013 are as follows:

Studies	Meters	Holes	Notes
Infill drilling	2,350	13	To obtain additional information to improve confidence in our block model.
Condemnatory holes	1,796	3	Areas for dumps.
Geotechnical holes	3,502	56	To improve geotechnical information
Total	7,648	72	

Concentrator

Our Cuajone operations use state-of-the-art computer monitoring systems at the concentrator, the crushing plant and the flotation circuit in order to coordinate inflows and optimize operations. Material with a copper grade over 0.35% is loaded onto rail cars and sent to the milling circuit, where giant rotating crushers reduce the size of the rocks to approximately one-half of an inch. The ore is then sent to the ball mills, which grind it to the consistency of fine powder. The finely ground powder is agitated in a water and reagents solution and is then transported to flotation cells. Air is pumped into the cells to produce foam for floating the copper and molybdenum minerals, but separating waste material called tailings. This copper-molybdenum bulk concentrate is then treated by inverse flotation where molybdenum is floated and copper is depressed. The copper concentrate is shipped by rail to the smelter at Ilo and the molybdenum concentrate is packaged for shipment to customers. Sulfides under 0.35% copper are considered waste.

Tailings are sent to thickeners where water is recovered. The remaining tailings are sent to the Quebrada Honda dam, our principal tailings storage facility.

Major Cuajone concentrator plant equipment includes:

- One primary crusher,
- three secondary crushers,
- seven tertiary crushers,
- one high pressure grinding roller,
- eleven primary ball mills,
- four ball mills for re-grinding rougher concentrate,
- one vertical mill for re-grinding rougher concentrate,
- thirty 100-cubic feet cells for rougher flotation,
- four 160-cubic feet cells for rougher flotation,
- five 60-cubic feet cells for cleaner scavenger,
- six 1,350-cubic feet cells for cleaner scavenger,
- fourteen 300-cubic feet cells for cleaner scavenger,

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- eight column cells,
- one Larox filter press,
- one FLS Smith filter press,
- two thickeners for copper-molybdenum and copper concentrates,
- three tailings thickeners,
- one high-rate tailings thickener, and
- six pumps for recycling reclaimed water.

A major mill expansion was completed in 1999 and the eleventh primary mill was put in operation in January 2008. In December 2013, the high pressure roller crusher was put in operation. We believe the plant's equipment is in good physical condition and suitable for our operations.

Toquepala

Our Toquepala operations consist of an open-pit copper mine and a concentrator. We also refine copper at the SX-EW facility through a leaching process. Toquepala is located in southern Peru, 30 kilometers from Cuajone and 870 kilometers from Lima. Access is by plane from Lima to the city of Tacna (1:40 hours) and then by the Pan-American highway to Camiara (1:20 hours) and by road to Toquepala (1 hour). The concentrator has a milling capacity of 60,000 tons per day. The SX-EW facility has a production capacity of 56,000 tons per year of LME grade A copper cathodes. Overburden removal commenced in 1957 and ore production commenced in 1960. Our Toquepala operations utilize a conventional open-pit mining method to collect copper ore for further processing in our concentrator.

The table below sets forth 2013, 2012 and 2011 production information for our Toquepala operations:

		2013	2012	2011
Mine annual operating days		365	366	365
<u>Mine</u>				
Total ore mined	(kt)	19,954	20,072	21,525
Copper grade	(%)	0.611	0.658	0.619
Leach material mined	(kt)	38,847	37,065	47,142
Leach material grade	(%)	0.222	0.247	0.253
Stripping ratio	(x)	7.51	7.67	7.24
Total material mined	(kt)	169,808	173,927	177,398
<u>Concentrator</u>				
Total material milled	(kt)	19,925	20,090	21,497
Copper recovery	(%)	90.92	90.86	90.46
Copper concentrate	(kt)	409.6	451.5	455.2

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Copper in concentrate	(kt)	110.7	120.1	120.4
Copper concentrate average grade	(%)	27.02	26.60	26.45
<u>Molybdenum</u>				
Molybdenum grade	(%)	0.033	0.033	0.035
Molybdenum recovery	(%)	71.43	66.64	70.67
Molybdenum concentrate	(kt)	8.4	8.2	9.8
Molybdenum concentrate average grade	(%)	55.46	54.37	54.69
Molybdenum in concentrate	(kt)	4.7	4.5	5.4
<u>SX-EW plant</u>				
Estimated leach recovery	(%)	25.69	25.56	25.33
SX-EW cathode production	(kt)	28.4	32.2	35.3

Key: kt = thousand tons

x = Stripping ratio obtained dividing waste plus leachable material by ore mined.

Copper and molybdenum grades are referred to as total copper grade and total molybdenum grade, respectively.

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We continuously improve and renovate our equipment. Major mine equipment at Toquepala includes:

- Twenty-eight 290-ton capacity trucks,
- thirty-six 218-ton capacity trucks,
- eight 363-ton capacity trucks,
- one 60-cubic yard capacity shovel,
- three 56 cubic-yard capacity shovels,
- three 73-cubic yard capacity shovels,
- nine electric rotary drills,
- two Down the Hole (DTH) drills for pre-split, and
- three front-end loaders with capacities of 28, 23 and 33 cubic-yards.

Geology

The Toquepala porphyry copper deposit is located on the western slopes of Cordillera Occidental, in the southern-most Andes Mountains of Peru. The deposit is part of a mineral district that contains two additional known deposits, Cuajone and Quellaveco.

The Toquepala deposit is in the southern region of Peru, located on the western slope of the Andes mountain range, approximately 120 kilometers from the border with Chile. This region extends into Chile and is home to many of the world's most significant known copper deposits. The deposit is in a territory with intrusive and eruptive activities of rhyolitic and andesitic rocks which are 70 million years old (Cretaceous-Tertiary) and which created a series of volcanic lava. The lava is composed of rhyolites, andesites and volcanic agglomerates with a western dip and at an altitude of 1,500 meters. These series are known as the Toquepala Group. Subsequently, different intrusive activities occurred which broke and smelted the rocks of the Toquepala Group. These intrusive activities resulted in diorites, granodiorites and dikes of porphyric dacite. Toquepala has a simple mineralogy with regular copper grade distribution. Economic ore is found as disseminated sulfurs throughout the deposit as veinlets, replenishing empty places or as small aggregates. Ore minerals include chalcocopyrite (CuFeS₂), chalcocite (Cu₂S) and molybdenite (MoS₂). A secondary enrichment zone is also found with thicknesses between 0 and 150 meters.

Mine Exploration

Exploration activities during the drill campaign in 2013 are as follows:

Studies	Meters	Holes	Notes
Leach and ore confirmation for phase 4 and 5	3,800	8	To confirm the lateral continuity of the ore body.
Study of slopes stability	20,000	39	Upgrade of the geotechnical studies of the pit.
Instability-west ramp	366	3	To define the potential depth of instability.
Total	24,166	50	

Concentrator

Our Toquepala concentrator operations use state-of-the-art computer monitoring systems in order to coordinate inflows and optimize operations. Material with a copper grade over 0.40% is loaded onto rail cars and sent to the crushing circuit, where rotating crushers reduce the size of the rocks by approximately 85%, to less than one-half of an inch. The ore is then sent to the rod and ball mills, which grind it in a mix with water to the consistency of fine powder. The finely ground powder mixed with water is then transported to flotation cells. Air is pumped into the cells producing a froth, which carries the copper mineral to the surface but not the waste rock, or tailings. The bulk concentrate with sufficient molybdenum content is processed to recover molybdenum by inverse flotation. This final copper concentrate with a content of approximately 26.5% of copper is filtered in order to reduce moisture to 8.5% or less. Concentrates are then shipped by rail to the Ilo smelter.

Tailings are sent to thickeners where water is recovered. The remaining tailings are sent to the Quebrada Honda dam, our principal tailings storage facility.

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Major concentrator plant equipment at Toquepala includes:

- One primary crusher,
- three secondary crushers,
- six tertiary crushers,
- eight rod mills,
- twenty-four ball mills,
- one distributed control system,
- one expert grinding system,
- forty-two collective flotation cells,
- fifteen column cells,
- seventy-two Agitair 1.13 cubic meter cells,
- two Larox pressure filters,
- five middling thickeners,
- two conventional tailings thickeners,
- three high-rate tailings thickeners,
- one tripper car,
- one track tractor, and
- one recycled water pipe line.

The expected useful life of the principal equipment is over 20 years due to our equipment maintenance programs.

SX-EW Plant

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The SX-EW facility at Toquepala produces grade A LME electrowon copper cathodes of 99.999% purity from solutions obtained by leaching low-grade ore stored at the Toquepala and Cuajone mines. The leach plant commenced operations in 1995 with a design capacity of 35,629 tons per year of copper cathodes. In 1999, the capacity was expanded to 56,000 tons per year.

Copper oxides from Cuajone with a copper grade higher than 0.208%, with an acid solubility index higher than 43% and a cyanide solubility index higher than 25% are leached. In Toquepala, the leach material cutoff grade is 0.132% and therefore material with a total copper grade between 0.132% and 0.40% are leached.

Major equipment at the Cuajone crusher plant includes:

- One primary jaw crusher, and
- one secondary cone crusher with a capacity of 390 tons per hour.

In addition, the Toquepala plant equipment includes:

- one agglomeration mill,
- one front end loader,
- one 445E Dresser truck of 120-ton capacity, and
- two 830E Komatsu trucks of 240-ton capacity for hauling to the leach dumps.

Copper in solution produced at Cuajone is sent to Toquepala through an eight-inch pipe laid alongside the Cuajone-Toquepala railroad track.

Major equipment at the Toquepala plant includes:

- Five pregnant solution (PLS) ponds, each with its own pumping system to send the solution to the SX-EW plant.
- Three lines of SX, each with a nominal capacity of 1,068 cubic meters per hour of pregnant solution and 162 electrowinning cells.

Plant and equipment are supported by a maintenance plan and a quality management system to assure good physical condition and high availability. The SX-EW plant management quality system (including leaching operations) has been audited periodically since 2002 by an external audit company, and found to be in compliance with the requirements of the ISO 9001-2008 standard. In 2012, we obtained the certification OHSAS 18001 of our occupational health and safety system and the ISO14001-2004 for our environmental standards at the SX-EW plant.

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Processing Facilities - Ilo

Our Ilo smelter and refinery complex is located in the southern part of Peru, 17 kilometers north of the city of Ilo, 121 kilometers from Toquepala, 147 kilometers from Cuajone, and 1,240 kilometers from the city of Lima. Access is by plane from Lima to Tacna (1:40 hours) and then by highway to the city of Ilo (2:00 hours). Additionally, we maintain a port facility in Ilo, from which we ship our product and receive supplies. Product shipped and supplies received are moved between Toquepala, Cuajone and Ilo on our industrial railroad.

Smelter

Our Ilo smelter produces copper anodes for the refinery we operate as part of the same facility. Copper produced by the smelter exceeds the refinery's capacity and the excess is sold to other refineries around the world. In 2007 we completed a major modernization of the smelter. The nominal installed capacity of the smelter is 1,200,000 tons of concentrate per year.

Copper concentrates from Toquepala and Cuajone are transported by railroad to the smelter, where they are smelted using an ISASMELT furnace, converters and anode furnaces to produce copper anodes with 99.7% copper. At the smelter, the concentrates are mixed with flux and other material and sent to the ISASMELT furnace producing a mixture of copper matte and slag which is tapped through a taphole to either of two rotary holding furnaces, where these smelted phases will be separated. Copper matte contains approximately 63% copper. Copper matte is then sent to the four Pierce Smith converters, where the material is oxidized in two steps: (1) the iron sulfides in the matte are oxidized with oxygen enriched air and silica is added producing slag that is sent to the slag cleaning furnaces, and (2) the copper contained in the matte sulfides is then oxidized to produce blister copper, containing approximately 99.3% copper. The blister copper is refined in two anode furnaces by oxidation to remove sulfur with compressed air injected into the bath. Finally, the oxygen content of the molten copper is adjusted by reduction with injection of liquefied petroleum gas with steam into the bath. Anodes, containing approximately 99.7% copper are cast in two casting wheels. The smelter also can produce blister copper bars, especially when an anode furnace is in general repair.

Major equipment at the Ilo smelter includes:

- one Isasmelt furnace,
- two rotary holding furnaces,
- four Pierce-Smith converters,
- two slag cleaning furnaces,
- two anodes furnaces,
- one casting twin-wheel,
- one blister holding furnace,

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- one casting blister wheel,
- one waste heat boiler,
- one superheated steam, and
- three electrostatic precipitators.

The table below sets forth 2013, 2012 and 2011 production and sales information for our Ilo smelter plant:

Concentrate smelted	(kt)	1,072.8	996.6	1,094.2
Blister production	kt	1.7	33.1	
Anode production	(kt)	323.5	265.9	338.7
Sulfuric acid produced	(kt)	1,025.8	968.7	1,061.6
Blister sales	(kt)	1.67	32.84	
Average blister sales price	(\$/lb)	3.98	3.48	
Average sulfuric acid price	(\$/ton)	94.89	133.98	98.40

Key: kt = thousand tons

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The off gases from the smelter are treated to recover over 92% of the incoming sulfur received in the concentrates producing 98.5% sulfuric acid. The gas stream from the smelter with 11.34% SO₂ is split between two plants: The No. 1 acid plant (single absorption/single contact) and the No. 2 plant (double absorption/double contact). Approximately, 16% of the acid produced is used at our facilities with the balance sold to third parties. We anticipate that our internal usage will be over 80% when the Tia Maria project begins operation.

The smelter also has two oxygen plants. Plant No. 1, with 272 tons per day of production capacity and Plant No.2, with 1,045 tons per day of capacity.

In addition, the smelter includes:

- one seawater intake system,
- two desalinization plants to provide water for the process,
- one electric substation, and
- one centralized control using advanced computer technology.

In 2010, the Ilo smelter marine trestle started operation. This facility allows us to offload directly to offshore ships the sulfuric acid produced, avoiding hauling cargo through the city of Ilo. The 500 meter long marine trestle is the last part of the Ilo smelter modernization project. Currently all overseas shipments of sulfuric acid are being made using the marine trestle.

Refinery

The Ilo refinery consists of an electrolytic plant, a precious metal plant and a number of ancillary installations. The refinery is producing grade A copper cathode of 99.998% purity. The nominal capacity is 280,000 tons per year. Anodic slimes are recovered from the refining process and then sent to the precious metals facility to produce refined silver, refined gold and commercial grade selenium.

Anodes are suspended in tanks containing an aqueous solution of sulfuric acid and copper sulfate. A low voltage but high amperage electrical current is passed through the anodes, chemical solution and cathodes, in order to dissolve copper which is deposited on initially very thin starting sheets increasing its thickness to produce high grade copper cathodes. During this process, silver, gold and other metals, including palladium, platinum and selenium, along with other impurities, settle on the bottom of the tank in the form of anodic slime. This anodic slime is processed in a precious metal plant where silver, gold and selenium are recovered.

The table below sets forth 2013, 2012 and 2011 production and sales information for our Ilo refinery and precious metals plants:

Cathodes produced	(kt)	271.0	215.7	261.0
Refined silver produced	(000 Kg)	100.2	89.6	98.1
Commercial grade selenium produced	(tons)	51.5	41.5	53.7
Average cathodes sales price	(\$/lb)	3.37	3.67	3.92
Average gold sales price	(\$/oz)	1,392.49	1,663.91	1,579.97

Key: kt = thousand tons

Major equipment at the refinery includes:

- one electrolytic plant, with 926 commercial cells,
- fifty-two starting sheet cells,
- sixteen primary liberator cells,
- twenty-four secondary liberator cells,

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- one anodic slime treatment circuit (includes leaching and centrifugation), and
- one electrolytic bleeding-off system by railroad to Toquepala's leaching plants.

Main equipment at the precious metals plant includes:

- one Wenmec selenium reactor and system to produce commercial grade selenium powder,
- one tilting Copella furnace,
- twenty-six silver electrorefining cells including an induction furnace for shots and silver ingots production, and
- one hydrometallurgical system for gold recovery.

The refinery also has these facilities:

- (1) Production control: Provides sampling and sampling preparation for samples coming from the operating units, as well as SX-EW, smelter and external services.
- (2) Laboratory: Provides sample analysis services throughout the Company, including the analysis of final products like copper cathodes, electrowon cathodes, copper concentrates and oil analysis.
- (3) Maintenance: Responsible for maintenance of all equipment involved in the process.
- (4) Auxiliary facilities: Includes one desalinization plant to produce 1,000 cubic meters per day fresh water and a Gonella boiler to produce saturated steam used in the refinery and two KMH boilers used as back up.

Other facilities in Ilo are a coquina plant with a production capacity of 200,000 tons per year of seashells and a lime plant with a capacity of 80,000 tons per year. We also operate an industrial railroad to haul production and supplies between Toquepala, Cuajone and Ilo.

The industrial railroad's main equipment includes fifteen locomotives of different types including 4000HP EMD's SD70, 3000HP EMD's GP40-3, 2250HP GE U23B and others. The rolling stock has approximately 496 cars of different types and capacities, including ore concentrate cars, gondolas, flat cars, dump cars, boxcars, tank cars and others. The track runs in a single 214 kilometer standard gauge line and supports a 30-ton axle load. The total length of the track system is around 257 kilometers including main yards and sidings.

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The infrastructure includes 27 kilometers of track under tunnels and one concrete bridge. The industrial railroad includes a car repair shop which is responsible for maintenance and repair of the car fleet. Annual tonnage transported is approximately 5.1 million tons.

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MEXICAN OPERATIONS

Following is a map indicating the approximate locations of our Mexican mines and processing facilities:

MEXICAN OPEN-PIT SEGMENT

Our Mexican open-pit segment operations combines two units of Minera Mexico, La Caridad and Buenavista, which includes La Caridad and Buenavista mine complexes and smelting and refining plants and support facilities, which service both complexes.

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Following is a map indicating the approximate location of, and access to, our Mexican open-pit mine complexes, as well as our processing facilities:

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Buenavista

The Buenavista mining unit operates an open-pit copper mine, a concentrator and two SX-EW plants. It is located 100 air-kilometers northwest of La Caridad and 40 kilometers south of the Arizona U.S. Mexican border. It lies on the outskirts of the city of Cananea. Buenavista is connected by paved highways to the border city of Agua Prieta to the northeast, to the town of Nacozari in the southeast, and to the town of Imuris to the west. Buenavista is also connected by railway to Agua Prieta and Nogales. A municipal airport is located approximately 20

kilometers to the northeast of Buenavista.

Except for very brief periods, Buenavista was on strike from July 2007 through June 2010. Restoration of mine and plants started in the third quarter of 2010 and was completed in 2011. SX-EW production was restored to full capacity by the fourth quarter of 2010 and concentrator production reached full capacity in the second quarter of 2011. In 2013, mine operations were affected by flooding problems caused by unusual rains in the area, as a consequence we lost approximately 22,900 tons of copper production. The mine restored full operations by the end of the third quarter of 2013.

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We have started a major capital investment program at Buenavista, which includes a new SX-EW plant with a planned annual capacity of 120,000 tons of copper, a concentrator expansion with an increase in production capacity of 188,000 tons per year and two molybdenum plants with a combined annual capacity of 4,600 tons. This investment program is underway and we expect to complete it in two phases. We expect to complete the first phase in 2014 and estimate an increase in annual production of 120,000 tons and to complete the second phase in 2015 with an expected further increase in annual copper production of 188,000 tons. With these investments, we expect the total production capacity at Buenavista will reach 488,000 tons of copper by 2015.

The concentrator has a nominal milling capacity of 76,700 tons per day. The SX-EW facility has a cathode production capacity of 54,750 tons per year. The Buenavista ore body is considered one of the world's largest porphyry copper deposits. Buenavista is the oldest continuously operated copper mine in North America, with operations dating back to 1899. High grade ore deposits in the district were mined exclusively using underground methods. The Anaconda Company acquired the property in 1917. In the early 1940s Anaconda started developing the first open-pit in Buenavista. In 1990, through a public auction procedure, Minera Mexico acquired 100% of the Buenavista mining assets for \$475 million. Buenavista is currently applying conventional open-pit mining methods to extract copper ore for further processing in the concentrator. Two leach ore crushers and the corresponding belt conveying systems are used to convey the leachable material to the heaps. Likewise, run-off mine leachable ore is hauled by trucks to the leach dumps.

The following table shows 2013, 2012 and 2011 production information for Buenavista:

		2013	2012	2011
Mine annual operating days		365	366	365
<u>Mine:</u>				
Total ore mined	(kt)	25,260	25,763	22,444
Copper grade	(%)	0.559	0.632	0.623
Leach material mined (*)	(kt)	131,559	66,241	47,399
Leach material grade	(%)	0.238	0.275	0.299
Stripping ratio	(x)	7.18	4.86	3.38
Total material mined	(kt)	206,710	150,871	98,306
<u>Concentrator:</u>				
Total material milled	(kt)	25,277	25,748	21,972
Copper recovery	(%)	81.93	82.30	80.44
Copper concentrate	(kt)	476.5	511.6	410.0
Copper in concentrate	(kt)	115.8	134.0	110.1
Copper concentrate average grade	(%)	24.31	26.18	26.86
<u>SX-EW plant</u>				
Estimated leach recovery	(%)	50.11	53.29	53.39
SX-EW cathode production	(kt)	66.4	66.1	62.3

Key: kt = thousand tons

x = Stripping ratio obtained dividing waste plus leachable material by ore mined.

The copper grade is total grade.

(*) The 2013 increase in leach material mined was due to the additional material mined for the new SX-EW III plant that is expected to start operations in the second quarter of 2014.

Major Buenavista mine equipment includes:

- Fifty six 400-ton-capacity trucks,
- thirteen 320-ton-capacity trucks,
- twenty 240-ton-capacity trucks,
- three 52,000 gallon-capacity tanker trucks,
- four 40,000- gallon-capacity tanker trucks,
- four 40-cubic-yard-capacity shovels,
- one 56-cubic-yard-capacity shovel,
- two 70-cubic-yard-capacity shovels, and
- seven 74-cubic-yard-capacity shovels.

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Mine auxiliary equipment including:

- Eleven drillers,
- three front loaders,
- five motor graders, and
- twenty-nine tractors.

Geology

The Buenavista mining district lies on the southern cordilleran orogen, which extends from southern Mexico to northwestern United States. It also falls within the Basin and Range metallogenic province. Geological and structural features in the district are representative of large, disseminated type, porphyry copper deposits. A calcareous sedimentary sequence of lower Paleozoic age, lithologically correlated with a similar section in southeastern Arizona, unconformably overlies Precambrian granite basement. The entire section was covered by volcanic rocks of Mesozoic age and later intruded by deep seated granodiorite batholith of Tertiary age, with further quartz monzonite porphyry differentiates of Laramide age.

Mineralization in the district is extensive covering a surface area of approximately 30 square kilometers. An early pegmatitic stage associated with bornite-chalcopryrite-molybdenite assemblage was followed by a widespread flooding of hydrothermal solutions with quartz-pyrite-chalcopryrite. A pervasive quartz-sericite alteration is evident throughout the district's igneous rock fabric.

An extensive and economically important zone of supergene enrichment, with disseminated and stockworks of chalcocite (Cu₂S), developed below the iron oxide capping. This zone coincides with the topography and has an average thickness of 300 meters. A mixed zone of secondary and primary sulfides underlay the chalcocite blanket. The hypogene mineralization, principally chalcopryrite, (CuFeS₂), extensively underlies the ore body. Molybdenite occurs throughout the deposit and the content tends to increase with depth.

The Buenavista copper porphyry is considered world-class and unique. The deepest exploration results in the core of the deposit have confirmed significant increase in copper grades. Similar porphyry copper deposits usually contain lower grades at depth. The district is also unique for the occurrence of high-grade breccia pipes, occurring in clusters following the trend of the district.

Current dimensions of the mineralized ore body are 5x3 kilometers, and projects to more than 1 kilometer at depth. Considering the geological and economic potential of the Buenavista porphyry copper deposit, it is expected that the operation can support a sizeable increase in copper production capacity.

Mine Exploration

In-fill core drilling was conducted at the Buenavista zinc-copper-silver deposit, including directional drilling for geotechnical purposes. A deep drilling campaign was initiated in 2011 to explore the extent of the deposit at depth, drilling a total of 3,860 meters in 2012. For short-term mine planning, 6,652 meters were drilled to confirm copper grade and metallurgical recoveries. Also, in 2011, a condemnation drilling program was initiated to define areas for future infrastructure, as well as areas where leach and waste dumps will be deposited. A total of 28,369 meters of core drilling were completed in 2011. A geohydrology program was initiated in 2011 to explore the possibility of groundwater sources within the mine limits, and a total of 29,750 meters of diamond drilling were drilled in 2012. In addition, 3,797 meters were drilled for water monitoring wells. We did not have a drilling campaign in 2013. For 2014, 20,000 meters of drilling are planned to define reserves and to confirm copper and molybdenum grades.

Concentrator

Buenavista uses state-of-the-art computer monitoring systems at the concentrator, the crushing plant and the flotation circuit in order to coordinate inflows and optimize operations. Material with a copper grade over 0.38% is loaded onto trucks and sent to the milling circuit, where giant rotating crushers reduce the size of the ore to approximately one-half of an inch. The ore is then sent to the ball and bar mills, which grind it to the consistency of fine powder. The finely ground powder is agitated in a water and reagents solution and is then transported to flotation cells. Air is pumped into the cells producing a froth, which carries the copper mineral to the surface but not the waste rock, or tailings. Recovered copper, with the

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consistency of froth, is filtered and dried to produce copper concentrates with an average copper content of approximately 27%. Concentrates are then shipped by rail to the smelter at La Caridad.

The Buenavista concentrator plant, with a milling capacity of 76,700 tons per day, consists of:

- Two primary crushers,
- four secondary crushers,
- ten tertiary crushers,
- ten primary mills,
- one expert control system,
- five mills for re-grinding,
- 103 primary flotation cells,
- ten column cells,
- seventy scavenger flotation cells,
- seven thickeners, and
- three ceramic filters.

In addition, the facility has:

- Forty eight wells and two pumping stations for fresh water supply,
- one tailings dam, and
- one reclaimed water pumping station.

As part of the expansion program for this unit, in 2013 we completed the construction of the first molybdenum plant with an annual production capacity of 2,000 tons of molybdenum contained in concentrate. The plant was designed to process 1,500 tons of copper-molybdenum concentrates per day with a recovery of 85% and 50% of molybdenum content. The molybdenum plant consists of thickeners, homogenizer

tanks, flotation cells, column cells and a holo-flite dryer.

SX-EW Plant

The Buenavista unit operates a leaching facility and two SX-EW plants. All copper ore with a grade lower than the mill cut-off grade of 0.38%, but higher than 0.25%, is delivered to the leach dumps. A cycle of leaching and resting occurs for approximately five years in the run-of-mine dumps and three years for the crushed leach material.

The Buenavista unit currently maintains 18.1 million cubic meters of pregnant leach solution in inventory with a concentration of approximately 1.82 grams of copper per liter.

Major equipment at the SX-EW I and II plants includes: two crushing systems (No.1 and No.2). Crushing system No. 1 has a capacity of 32,000 tons per day and includes:

- One apron feeder,
- one conveyor belt feeder,
- eight conveyor belt systems, and
- one distributing bar.

Crushing system No. 2 has a capacity of 48,000 tons per day and includes:

- One crusher,
- one conveyor belt feeder,
- four conveyor belts, and
- one distributing bar.

There are three irrigation systems for the dumps and eleven dams for the pregnant leach solution (PLS). Plant I has four solvent extraction tanks with a nominal capacity of 16,000 liters per minute of PLS and 52 electrowinning cells and has a daily production capacity of 30 tons of copper cathodes with 99.999% purity. Plant II has five trains of solvent extraction with a nominal capacity of 55,000 liters per minute of PLS and 216 cells distributed in two bays and has a daily production capacity of 120 tons of copper cathodes with 99.9% purity.

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In 2014, we expect to increase the Buenavista unit's production of copper cathodes with a new SX-EW plant, (SX-EW III) with an annual capacity of 120,000 tons. The plant would produce copper cathodes of ASTM grade 1 or LME grade A. Please see Capital Investment Program under Item 7 for further information.

La Caridad

The La Caridad complex includes an open-pit mine, concentrator, smelter, copper refinery, precious metals refinery, rod plant, SX-EW plant, lime plant and two sulfuric acid plants.

La Caridad mine and mill are located about 23 kilometers southeast of the town of Nacozari in northeastern Sonora. Nacozari is about 264 kilometers northeast of the Sonora state capital of Hermosillo and 121 kilometers south of the U.S.-Mexico border. Nacozari is connected by paved highway with Hermosillo and Agua Prieta and by rail with the international port of Guaymas, and the Mexican and United States rail systems. An airstrip with a reported runway length of 2,500 meters is located 36 kilometers north of Nacozari, less than one kilometer away from the La Caridad copper smelter and refinery. The smelter and the sulfuric acid plants, as well as the refineries and rod plant, are located approximately 24 kilometers from the mine. Access is by paved highway and by railroad.

The concentrator began operations in 1979, the molybdenum plant was added in 1982, the smelter in 1986, the first sulfuric acid plant in 1988, the SX-EW plant in 1995, the second sulfuric acid plant in 1997, the copper refinery in 1997, the rod plant in 1998, the precious metals refinery in 1999, and the dust and effluents plant in 2012.

The table below sets forth 2013, 2012 and 2011 production information for La Caridad:

		2013	2012	2011
Mine annual operating days		365	366	365
<u>Mine</u>				
Total ore mined	(kt)	33,570	33,556	33,185
Copper grade	(%)	0.344	0.344	0.329
Leach material mined	(kt)	30,426	34,848	32,333
Leach material grade	(%)	0.225	0.224	0.235
Stripping ratio	(x)	1.64	1.58	1.54
Total material mined	(kt)	88,595	86,632	84,266
<u>Concentrator</u>				
Total material milled	(kt)	33,629	33,434	33,201
Copper recovery	(%)	83.76	85.06	82.19
Copper concentrate	(kt)	459.6	461.5	458.8
Copper in concentrate	(kt)	96.9	97.8	89.8
Copper concentrate average grade	(%)	21.08	21.20	19.57
<u>Molybdenum</u>				
Molybdenum grade	(%)	0.044	0.043	0.046
Molybdenum recovery	(%)	79.81	76.44	68.81
Molybdenum concentrate	(kt)	21.8	20.3	19.5
Molybdenum concentrate average grade	(%)	53.96	54.09	53.49

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Molybdenum in concentrate	(kt)	11.7	11.0	10.4
<u>SX-EW plant</u>				