



**SOUTHERN COPPER CORPORATION**  
GRUPO MEXICO

# **Fourth Quarter 2024 Earnings Results**

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## Fourth Quarter 2024 Earnings Results

Raul Jacob

*VP, Finance & CFO, Southern Copper Corporation*

### Welcome

**Operator:** Good morning and welcome to Southern Copper Corporation's fourth quarter and year 2024 results conference call. With us this morning, we have Southern Copper Corporation, Mr. Raul Jacob, Vice President, Finance, Treasurer and CFO, who will discuss the results of the company for the fourth quarter and year 2024, as well as answer any questions that you may have.

The information discussed on today's call may include forward-looking statements regarding the company's results and prospects, which are subject to risk and uncertainties. Actual results may differ materially, and the company cautions not to place undue reliance on these forward-looking statements. Southern Copper Corporation undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. All results are expressed in full US GAAP.

Now, I will pass the call on to Mr. Raul Jacob.

**Raul Jacob:** Thank you very much, Carmen. Good morning, everyone, and welcome to Southern Copper's fourth quarter and 2024 results conference call. At today's conference, I'm joined by Mr. Oscar Gonzalez Rocha, CEO of Southern Copper and Board member, as well as Mr. Leonardo Contreras, who is also a Board member.

### Agenda

In today's call, we will begin with an update on our view of the copper market, and then review Southern Copper's key results related to production, sales, operating costs, financial results, expansion projects, and ESG. After this, we will open the session for questions.

### 2024 Highlights

Let me, before we go into the details of the good operational and financial results that we had last year, let me please highlight that during 2024, we had an excellent ramp-up of the new zinc concentrator in Buenavista. We're pleased to report on the outstanding performance of this new facility, which is currently operating at full capacity. The new zinc concentrator of Buenavista has exceeded the annual production plan by 18%, producing 64,300 tons of zinc with an annual all-in cash cost of \$0.19 per pound of zinc produced, one of the most competitive of the industry.

### Copper Business

Now, let us focus on the copper market.

#### *London Metal Exchange*

The London Metal Exchange copper price increased 12% from an average of \$3.71 per pound in the fourth quarter of 2023 up to \$4.16 this past quarter. Based on the supply and demand dynamics, we estimated 2024 to end in balance, where demand grew 3% and supply 3.5%.

*Demand expectations*

For this year, we expect demand to grow around 4%, driven by economic measures announced in China to promote economic expansion, resilient consumption in the U.S. economy, and new demand on the back of energy transition and growth in artificial intelligence technologies. This positive outlook for demand may be impacted by U.S. import duties on China and other countries, and by slow growth or even a recession in several European countries and emerging markets.

*Supply expectations*

On the supply side, we expect growth to stand at 3% as of the beginning of 2025, and we expect a market deficit for the year of approximately 250,000 tons. This is our view at this point. We estimate that inventories are currently covering about one week of world demand.

In summary, even though we see some risks, particularly for demand in this year, we are optimistic about the strong support copper market prices will have in 2025.

*Fourth quarter production*

Now let's look at Southern Copper's production for the past quarter. Copper represented 75% of our sales in the fourth quarter of 2024, and 77% for the full year 2024. Copper production registered an increase of 2.1% in the fourth quarter of last year, in quarter-on-quarter terms, to stand at 238,888 tons. Our quarterly results reflect higher production at our Buenavista, IMMSA, and Cuajone mines, which was attributable to better ore grades and recoveries. However, these positive results were partially offset by a decrease in production at our Toquepala and La Caridad mines.

The decrease in mineral processing at Toquepala was attributable to biennial preventive maintenance work at both concentrators. So, the two concentrators that we have in Toquepala, had a maintenance that is scheduled for every two years, and that affected the production of this mine by 11%. That reduced the production of Toquepala, vis-à-vis the fourth quarter of 2023, by 11% after an outstanding performance of Toquepala through 2024.

*2024 production*

For 2024, copper production increased by 7% year on year to 973,851 tons. Our annual results reflect higher production at all our operations, where the Peruvian ones grew 11% and the Mexican by 4%. For 2025, we expect to produce 965,800 tons of copper, a slight decrease over 2024's final print.

**Molybdenum Business**

Molybdenum represented 11% of the company's sales in the fourth quarter of 2024, and is currently our first byproduct. Molybdenum prices averaged \$21.61 per pound in the quarter. This compared to \$18.41 per pound in the fourth quarter of 2023. This represents an increase of 17.4% in price.

*Fourth quarter production*

Molybdenum production dropped by 2.6% quarter on quarter, driven primarily by a decrease in production at La Caridad and Toquepala mines due to lower ore grades in both operations. These results were partially offset by higher production at the Cuajone and Buenavista mines.

*Annual figures*

Molybdenum production increased 8.1% year on year in 2024 after production grew at Toquepala, Cuajone, and Buenavista, and, well, it was partially offset by lower production at La Caridad. In 2024, we expect to produce 26,200 tons of molybdenum, which represents a decrease of 10% over our 2024 production level.

**Silver Business**

Silver represented 6% of our sales in the fourth quarter of last year, with an average price of \$31.36 per ounce in the quarter, which reflected an increase of 35%. Silver is currently our second byproduct.

*Mined production*

Mined silver production increased 18.3% in the fourth quarter of 2024 vis-à-vis the same period of 2023. This was propelled by production growth at all our mines except Toquepala.

*Refined production*

Refined silver production rose 25% quarter over quarter, which was mainly driven by growth at all our refineries. In 2024, we produced 21 million ounces of silver, which represents an increase of 14% over our 2023 production level. It was mainly due to an increase in production at all our mines.

*2025 expectations*

For this year, 2025, we expect to produce 23 million ounces of silver, an increase of 10% compared to 2024.

**Zinc Business***Buenavista concentrator*

For zinc, we already mentioned the excellent performance of our new Buenavista zinc concentrator. As I mentioned, it's operating at full capacity after a successful ramp-up in 2024. Well, I already mentioned it increased. It was 18% over its production plan, with a cash cost of \$0.19 per pound of zinc produced.

Zinc as a whole represented 5% of our sales in the fourth quarter of 2024, with an average price of \$1.38 per pound in the quarter, a 22% increase when compared to the same period, the fourth quarter, of 2023. Zinc is currently our third byproduct.

*Mined production*

Mined zinc production increased by 155% quarter on quarter and totaled 43,148 tons. This was mainly driven by the full ramp-up of the Buenavista zinc concentrator that produced 26,496 tons over the period and by an increase in production at Santa Barbara, at the Santa Barbara mine of IMMSA.

*Refined production*

Refined zinc production dropped by 7% in the fourth quarter vis-à-vis the same fourth quarter of 2023. Zinc production almost doubled in 2024. It increased by 99%. This was fueled by a contribution of 64,297 tons from the Buenavista concentrator and higher production at the Santa Barbara and Charcas mines. This was partially offset by lower production at the San Martín mine.

*2025 production*

For 2025, we expect to produce 171,700 tons of zinc, which represents an increase of 32% over the 2024 production level and 162% above the 2023 mark. This growth will be mainly driven by the expected 105,000 tons of production of our new Buenavista zinc concentrator.

**Financials**

Focusing on the financial results of the company, for net sales in the fourth quarter of 2024, sales were \$2.8 billion. This is \$489 million higher than sales for the fourth quarter, or a 21% increase.

*Sales by product*

Copper sales value increased 17% and volumes were up 5%, spurred by better prices. Regarding our main byproducts, sales value of molybdenum rose due to better prices and were slightly offset by a decrease in volume. Zinc sales, in turn, grew 80% due to an increase in prices of 22% and volumes, thanks to the contribution of the Buenavista zinc facility. Lastly, silver sales were up 68% due to better prices and volumes.

*Costs and expenses*

Our total operating costs and expenses in the fourth quarter increased \$50 million, or 4% when compared to the fourth quarter of 2023. Main cost increments was in the labor cost due to a one-time charge of \$62 million, resulting from labor contracts signed with five of our six Peruvian unions. This was at the end of 2024. As of now, all the unions in Peru have signed these new labor contracts. The signing bonus was for about \$65 million in total. \$62 million of them were charged in last year's results. And this somehow explains – this plus the maintenance, the biennial repair of the two Toquepala concentrators somehow explain the much higher cost that we are reporting in this quarter. Well, these contracts, the labor contracts, will help ensure that our operations in Peru evolve in a peaceful labor environment for the next four to six years.

In addition to this charge, we registered higher expenses for repair materials and a decrease in capitalized leachable materials. These cost increments were partially offset by decreases in inventory consumption, fuel cost, energy, water, and other factors.

*EBITDA and margin*

For EBITDA, the fourth quarter 2024 adjusted EBITDA was \$1,507 million, which represented an increase of 43% with regard to the \$1,056 million registered in the fourth quarter of 2023.

The adjusted EBITDA margin in the fourth quarter was 54% versus 46% in the fourth quarter of 2023. Adjusted EBITDA in 2024 for the whole year was \$6,406 million. This is 27% above the figure in 2023. The adjusted EBITDA margin for the year, last year, was 56% versus 51% in 2023.

*Operating cash cost*

Cash cost. Southern Copper's 2024 operating cash cost per pound of copper net of byproduct revenue credits was \$0.89 per pound. This \$0.14 reduction in the cash cost compared to the \$1.03 reported in 2023 was mainly attributable to a \$0.04 decrease in production costs and to a unit-cost effect generated by both, an increase in pounds of copper produced and a \$0.09 increase in byproduct revenue credits.

For the fourth quarter of 2024, SCC's operating cash cost net of the benefit of byproduct credits was \$0.96 per pound. This cash cost was \$0.20 higher than the cash cost of \$0.76 for the third quarter of last year. I mentioned already that we had an unusual charge to labor cost in the fourth quarter due to the new contracts with the six unions in Peru and the maintenance cost and lost production for the Toquepala concentrators' maintenance.

The operating cash cost per pound of copper before byproduct credits was \$2.32 cents per pound in the fourth quarter of 2024. This is \$0.37 above the value for the third quarter of this year, that was \$1.95. This 19% increase in operating cash cost was a result of higher costs per pound from production cost, increases in treatment and refining charges, and administrative expenses and lower premiums.

#### *Byproducts*

Regarding byproducts, we had a total credit of \$679 million, or \$1.36 per pound, in the fourth quarter of last year. These figures represent a 14% increase when compared with the credit of \$639 million or \$1.19 per pound in the third quarter of 2024. Total credits have increased for zinc and silver, remained flat for molybdenum, and decreased slightly for sulfuric acid.

#### *Net income*

Regarding net income, the net income in the fourth quarter was \$794 million, which represented a 78% increase with regard to the \$445 million registered in the fourth quarter of 2023. Net income margin in the fourth quarter was 29% versus 19% in the same period of 2023.

The full-year net income, for 2024, was \$3,377 million. This is 39% higher than the 2023 mark. These improvements were driven by the aforementioned increase in net sales and by our strict cost control measures.

The net income margin in 2024 was 30% versus 25% in 2023.

#### *Cash flow*

Cash flow from operating activities in 2024 was \$4,422 million, which represents an increase of 24% over the \$3,573 million in 2023. This result, which was mainly driven by higher net income, was partially offset by an increase in net operating assets.

#### *Capital investments*

For capital investments, our current capital investment program exceeds \$15 billion and includes investment in the Tia Maria, Los Chancas, and Michiquillay projects in Peru and in El Pilar and El Arco projects in Mexico. This capital forecast includes several infrastructure investments, including key investments to bolster the competitiveness of the El Arco project. In 2024, we spent \$1,027 million on capital investments, which reflected a 2% increase year on year and represented 30% of net income last year.

Given that there is a description of our main capital projects in Southern Copper's press release, I'm going to focus on updating new developments for each. For our Mexican projects, Minera Mexico is planning to invest more than \$600 million in 2025 at both its open-pit metallurgical facilities and underground mines. 50% of this investment will be used to guarantee the viability of long-term operations by actively modernizing and updating assets. Over 31% of the investment will target improvements in water usage and tailings management to ensure safety

and efficiency at our operations. Remaining funds will be invested in efforts to bolster optimization and growth.

#### *El Pilar*

For our growth projects, we have El Pilar in Sonora, which is a low capital-intensity copper greenfield that is expecting to contribute to our copper production with 36,000 tons of copper cathodes. The budget for Pilar is \$210 million, and for now, the results of experimental pads in the leaching process have confirmed adequate levels of copper recovery, and we're evaluating different options for optimization. The company is engaging in project development and on-site environmental activities. The mine life is estimated at 13 years for now.

#### *El Arco*

In the case of El Arco in the Baja California Peninsula, this is a world-class copper deposit located in the central part of the Baja California Peninsula with sulfide ore reserves of over 1,230 million tons and an average ore grade of 0.40%. It has also 141 million tons of leach material with an average ore grade of 0.27%, which is one very good ore grade for SX-EW technology, by the way. The project includes an open-pit mine with a combined 120,000 tons per day concentrator and a 20,000 tons per year SX-EW operation. The company has completed environmental baseline study for the mine. Currently, more detailed engineering is being conducted for concentrator, SX-EW plant, as well as for water desalinization, logistics, infrastructure, and power delivery.

#### *Other Mexican projects*

SCC, on top of these projects in Mexico, the ones that I just mentioned, El Pilar and El Arco, has some other projects in its Mexican pipeline that may boost organic growth if they are found to be of value for both stakeholders and the communities in which we operate. These projects are Angangueo, Chalchihuites, and the Empalme smelter, which could bolster our position as a fully integrated copper producer.

#### *Tia Maria*

For the Peruvian projects, we have Tia Maria. This project, after a thoughtful and detailed review, has set a new project budget at the value of \$1,802 million to complete the Tia Maria investment. As of December, of last year, December 31st, the company has generated more than 614 jobs, almost 500 of which were filled with local applicants. To the fullest extent possible, we intend to fill the 3,500 jobs estimated for the Tia Maria's construction phase prioritizing workers from the Islay province. When we start operations in 2027, the project will generate 764 direct jobs and 4,800 indirect jobs.

This year, we expect construction to begin. Work will initiate with construction of roads and access points to the project, as well as railways, installing a temporary camp, earthmoving efforts for mine clearing activities. To date, we have installed a 59-kilometer live fence and delimited the property.

#### *Los Chancas*

For Los Chancas project in the Apurímac region of Peru, in coordination with the Peruvian authorities, efforts continue to eradicate illegal mining activities. Once this process has concluded, we will resume our environmental impact study and begin hydrogeological and geotechnical studies. We will also begin a resource verification drilling campaign of about

40,000-meter in-fill to gather additional information on the geological characteristics of the Los Chancas deposit.

#### *Michiquillay*

For the Michiquillay project in Cajamarca, as of December 31st of 2024, the total progress of the exploration project was 35%. We have drilled 140,130 meters on a total program of 148,000 meters and obtained about 45,800 drill core samples for chemical analysis. Diamond drilling will continue and will provide information for the interpretation of geological sections related to mineralization, geological modeling, and mineral resource evaluation. Geometallurgical studies are currently underway and hydrological and hydrogeological studies have also initiated. A geotechnical study for the project is scheduled to begin shortly.

### **ESG Update**

Regarding environmental, social, and corporate governance practices, ESG as it's known,

#### *Sustainability*

Southern Copper Corporation is among the top ten mining companies with the highest ratings for sustainability in 2024. Corporate Sustainability Assessment of S&P Global, which published an annual performance review of the sustainability practices of 13,000 companies from across the globe, considers Southern Copper Corporation among the best rated companies of 248 companies in the mining and metals sector for 2024.

With a score that is twice the average registered for our peers in the mining industry, SCC's sustainability rating rose nine points year over year. And this marks our sixth consecutive year on the Dow Jones Sustainability Index. We have also been included in the Sustainability Emerging Markets Index.

#### *Occupational health & safety*

Occupational safety and health of our workforce. Operating discipline and the strength of our preventive safety culture led to a 28% reduction in the number of employee accidents involving lost time injuries in 2024. For Tia Maria, we already mentioned some of the advances on the project, but on the community area, the company has been implementing the Technology for Agriculture program with the participation of 28 out of the 38 organizations from the Tambo Valley. These programs have increased the productivity of the different crops in the area by 14%, and 95% of the families of the valley have benefited from this program.

#### *Tailings management*

And finally on ESG, the best international practices for tailing management with a preventive focus and an eye on minimizing risks, we are making progress in our efforts to implement the Global Industry Standard on Tailings Management of the International Council of Mining and Metals, or ICMM, at our main operations. We have completed a gap analysis of our open pit mining operations and are on track to ensure that all SCC facilities comply with this standard.

### **Financing**

Regarding financing, on February 5th of this year, that is last week, our subsidiary, Minera Mexico, issued a \$1 billion seven-year note of fixed-rate senior unsecured notes. This debt is due in 2032 and has an annual interest rate of 5.62%. During our marketing effort, we held meetings with 85 global and local fixed income investors and received purchase orders from



high-quality institutional investors. We received orders for \$3.5 billion, a demand that is 3.5 times the offering. Proceeds will provide the company with additional liquidity to finance our Mexican capital expenditures and Minera Mexico's general corporate purposes.

### **Dividends**

Regarding dividends, as you know, it is the company policy to review our cash position, expected cash flow generation from operations, capital investment plans, and other financial needs at each Board meeting to determine the appropriate quarterly dividend. Accordingly, on January 23<sup>rd</sup>, 2025, Southern Copper Corporation announced a quarterly cash dividend of \$0.70 per share of common stock and a stock dividend of 0.0073 shares of common stock per share, payable on February 27<sup>th</sup>, 2025, to shareholders of record at the close of business on February 11<sup>th</sup>.

Ladies and gentlemen, with these comments, we end our presentation today. Thank you very much for joining us, and now we would like to open the forum for questions.

### **Q&A**

**Operator:** Thank you so much. And as a reminder, to ask a question, simply press star one-one on your telephone and wait for your name to be announced. To remove yourself, press star one-one again. Please stand by while we compile the Q&A roster.

And our first question is from the line of Gabriel Simoes with Goldman Sachs. Please proceed.

**Gabriel Simoes (Goldman Sachs):** Hi, thank you for the presentation. Thank you for taking my questions. I actually have two.

So, for the first one, so you provided a new guidance for the Tia Maria project, right, of \$1.8 billion. I just wanted to understand what's included in the CAPEX. So, you've been mentioning a few changes you were expecting to the project. So, just wanted to understand if the new road, the desalination plant, are all included in this new guidance. And how much has been already invested into the project, right? So, this is the first question.

And for the second question, I'd like to understand a little bit better your production guidance, right. So, if you could comment on the main reasons for the slight change, right? So, the slight, around 10,000 tons, drop that you expect for 2025 production, that'd be interesting.

And also, you have lowered, right, you have decreased the horizon for which you give guidance, your forecast for production guidance and CAPEX guidance in the third quarter. Are we going back to the longer guidance at this point? And if not right now, when can we expect a longer guidance for production and guidance and CAPEX going forward? Thank you.

**Raul Jacob:** Okay. Well, Gabriel, thank you very much for your questions. And I'm going to address them. And I may ask you for one of them to remember us what was it.

But, well, for the Tia Maria, you mentioned that we have set this budget in \$1.8 billion in round numbers. So far, we have invested a little bit north of \$400 million in the project. We have made some changes in the initial design of the project. We were not considering as part of the project a new road that will go through the desert areas that we have purchased in the last few years, all the way from where Tia Maria is to the coast. This is like about a 22-kilometer road that will help to move in the materials and everything that we require for the project

construction at the very beginning. And the reason for that is that by doing this, we will avoid passing through the valley and generating inconvenience to the Tambo Valley people.

So I think that that is one of the reasons. The other one is the inclusion of the desal plant.

And a third element that is affecting the budget is inflation. The last time that we had this budget was a few years back. Even though we have found some savings in certain facilities, well, inflation has taken a toll on the total budget. And so that's basically the reasons behind the increase in the original, the historic budget of \$1.4 billion up to \$1.8 billion.

The reason for the drop in production for 2025, mainly, it's a matter of ore grades and recoveries. It's nothing specific affecting the production or the use of our facilities. Actually, I mentioned on the Toquepala concentrators maintenance that we did in the fourth quarter. This is going to be very helpful for production this year. My personal expectation is that we will be at the 2024 level or a little bit better than that, hopefully a little bit better.

Well, the five-year guidance, we usually – we have been mentioning that in our meetings as well as distributing to those interested in this matter. I can share this with you for the next few years. I mentioned already production for 2025. For 2026, we have a reduction in Toquepala production due to ore grades mainly and in Cuajone as well. And that affects our ore production, should be at about 900,000 tons for 2026. 950,000 tons 2027; 1,021,000 tons 2028; 1,070,000 tons 2029; and about that in 2030 as well. So that's for copper.

We already mentioned on zinc what we are expecting to produce this year, which is 172,000 tons. We'll be a little bit better for the next few years. We'll be close to 180,000 tons. And for molybdenum at about 26,000 tons, between 25,000 and 26,000 will be the production mark for this year and next year. In the case of byproducts, particularly the open-pit operations, the driver of the mining plan is optimizing the copper production. Obviously, it comes with molybdenum, silver, and some other metals, but the plans are made to optimize the cost of the main product, which is copper, as you know, about 75% of the company sales.

**Gabriel Simoes:** That's great, Raul. Thank you very much.

**Raul Jacob:** You're welcome.

**Operator:** Thank you. One moment for our next question, please. And it's from the line of Alejandro Demichelis with Jefferies. Please proceed.

**Alejandro Demichelis (Jefferies):** Yes, good morning, gentlemen. Thank you very much for taking my questions. Just to follow up on Tia Maria, please, can you please give us an indication of how you're thinking about kind of cash cost for Tia Maria with the new changes that you have made? That's the first question.

And then the second question is for 2025-26, how are you thinking about cash cost for the entire business for Southern Copper?

**Raul Jacob:** Okay. On the Tia Maria cash cost, obviously it has been affected by inflation. Let me mention that the first time that we did a financial evaluation on Tia Maria, we used a copper price of \$2.00 per pound. Today, as you know, the market is, if you are at Comex, well, a little bit north of \$4.50. And in the case of LME, a little bit north of \$4.10 today. So, the cost has also increased. Now we're considering a cost of \$1.12 per pound, cash cost. That's our current long-term view for the cash cost of Tia Maria.

**Alejandro Demichelis:** That's great. Thank you.

**Raul Jacob:** Cash cost. I forgot to comment on cash cost for the company. For 2025, we're expecting a cash cost in the range of \$0.90 per pound. This is using the current prices, should hold at that level or increase a little bit up to \$1.00 in the following years. If you consider this year's prices, we're usually much more conservative in our long-term view. We want to be sure that we have – we will be generating the funds that are required for all of our growing plans. So for that reason, we tend to be a little bit more conservative in prices. But if we consider the prices that we are looking at now, \$0.90 about that, or between \$0.90 and \$1.00, I would say.

**Alejandro Demichelis:** Okay. That's very clear. Thank you very much.

**Raul Jacob:** You're welcome.

**Operator:** Thank you. One moment for our next question. That comes from the line of Camilla Barder with Bradesco BBI. Please proceed.

**Camilla Barder (Bradesco BBI):** Hi, good morning. Thank you for taking my question. I have two questions. The first one on the copper market. If you can comment on your views on the supply side, given the current low TC/RC environment, do you see any risk for smelters of cutting supply?

And the second question, just a quick one. Can you provide an updated estimate for CAPEX and free cash flow expectations for 2024? Thank you.

**Raul Jacob:** Sorry, Camilla, I couldn't get your last question.

**Camilla Barder:** The last question is on expectations for CAPEX and free cash flow in 2025.

**Raul Jacob:** Okay. On the view on the supply side, what we're seeing, what you mentioned, the extremely low, if not zero or even negative TC/RC, the discounts that we have on the copper market, that is reflecting a significant scarcity of copper concentrates worldwide. Today we have news from China that the Chinese government has put some restrictions to new smelter constructions in China, and so that reflects how we're seeing the market for copper concentrates at this point.

On prices, we already mentioned that we believe that they will hold at the current level. There is a huge arbitrage between Comex – in favor of Comex, between Comex and LME. We believe that that should close after we find a new area of activity, different ones, obviously, because of the high spread between the two prices.

On, well, CAPEX, I'll mention on the CAPEX, on the free cash flow, depending on your assumptions for prices and production, we already report on the production, I'm going to mention on the CAPEX. For this year, our Board has approved a budget of \$1.6 billion for capital expenditures. For 2026, when we believe we will begin strong construction on Tia Maria, we were expecting to spend \$2.4 billion. That number should be at about \$2.1 billion in 2027, and 2028 \$2.5 billion, and 2029 \$2.8 billion. That's our current forecast for the next few years on CAPEX.

**Camilla Barder:** Okay, thank you very much.

**Raul Jacob:** You're welcome

**Operator:** Thank you. One moment for our next question, please. And it's from the line of Alex Hacking with Citi. Please proceed.

**Alex Hacking (Citigroup):** Yeah, thanks, Raul. Just to follow up on those CAPEX numbers that you gave, the \$1.6 billion this year, \$2.4 billion next year, how much of that is Tia Maria? Thank you.

**Raul Jacob:** Sure. For this year, Tia Maria is about a little bit north of \$200 million, \$210 million to put it simply. And in 2026, it's \$980 million. And let me mention, in 2027, when we should be finishing the construction phase of the project, \$460 million.

**Alex Hacking:** Okay, thanks. And then I guess also on Tia Maria, you know, Peru has elections next year, 2026. Do you see any risk that Tia Maria becomes politicized due to the elections? I'm not familiar with the candidates, what their platforms are, but I've just had some questions from investors on this topic. Thank you.

**Raul Jacob:** Thank you very much for your questions, Alex. We don't see a risk at this point. What we're seeing is that the people, the population in the Tambo Valley and the Islay Province and the Arequipa region, are all engaged in receiving the benefits of this phase of the project, which is the construction. Later on, we will be contributing from day one to local taxation, which will be very important for the progress of the Arequipa region, as well as the Islay Province in particular.

Let me mention that the operations that we have in the Toquepala and Cuajone operations, as well as the Ilo smelter and refinery complex, has over time contributed to the regions where we operate. We have put a focus particularly in education and health. And you see the indexes for quality of living in these two regions, the ones where our current operations are, are among the top three, top five in Peru.

We believe that this new project will be – the Tia Maria project as well as the other ones, Los Chancas and Michiquillay – will bring many opportunities for growth and development to the local population. And over time, they will leave poverty behind and be prosperous regions as the ones that we see for Toquepala, which is the Tacna region, and for Cuajone, which is Cuajone and Ilo, which are both in the Moquegua region.

So we believe that that is a consequence. And I believe, my personal take is that the local population has already understood this after having very hard years because of Covid and then political instability at the beginning in 2021, 2023, up to 2023. So being, as you mention, Alex, being to next year, a year of election, we will certainly keep working but we expect to pass through this part of the political cycle with no specific issues for Tia Maria.

**Alex Hacking:** Thank you, Raul.

**Raul Jacob:** You're welcome.

**Operator:** Thank you. One moment for our next question, please. It's from David Feng with CICC. Please proceed.

**David Feng (CICC):** Thank you. Good morning, Raul and team. My first question is just a follow-up on your unit cost. Since we have seen a quarter-on-quarter increase in your unit operating cost before byproduct credit in the fourth quarter, so do we know if the increase is mainly because of the maintenance works at Toquepala, or what are the other reasons behind?

And also, you just mentioned your estimate for cash costs in 2025 is \$0.90 per pound, so what shall we expect for the unit cost before the byproduct credits? That's my first question.

**Raul Jacob:** Okay. In the fourth quarter, we had two major cost issues. The one that you just mentioned, the maintenance of the two plants that we have in Peru. And on top of that, and very expensive as well for a quarter, for a given quarter, not for a four-year or six-year contract, the charge in labor cost that we have due to the new – the signing of the new labor contracts. Those are the two effects that were significantly affecting the cash cost in the fourth quarter.

Cash cost before byproduct credits is expected to be at \$2.17 per pound for this year. Last year was \$2.13, so it's a negligible increase. This is our plan. We usually focus on improving on top of what we have planned. So my expectation is that we have a lower cash cost before byproduct credits and a better cash byproduct contribution at the end of 2025.

**David Feng:** That's great to hear. Thank you so much, Raul. And my second question is we've seen that your cash balance has been increasing quickly in the past few quarters, and I believe it might be higher in the first quarter of 2025, given the \$1 billion proceeds from the senior note issuance. So I just wonder, shall we expect your CAPEX will accelerate soon in the next few quarters, or would there be any other use for the excess cash position we are seeing right now?

**Raul Jacob:** Well, as we indicated for the bond issue, for the Minera Mexico bond issue, this is basically the same for our cash position. We're going to use it for our organic growth, for our CAPEX, as well as for some other uses that the corporation may have. As you know, we declare all the quarters a dividend, and that is something that is one of the possible uses of cash. I'm not saying that we're expecting anything different than what we have been doing on this. This is up to the Board. So, I believe that we have to wait for the Board to discuss it and see the appropriation of any cash that we have in hand.

**David Feng:** Understood. Thank you so much. That's really helpful. Thank you.

**Raul Jacob:** Thank you very much.

**Operator:** Thank you. Our next question is from the line of Alfonso Salazar with Scotiabank. Please proceed.

**Alfonso Salazar (Scotiabank):** Thank you. Hello, Raul. I have a follow-up question on CAPEX. You mentioned what are you including for Tia Maria for the next few years. The question that I have is, based on your asset base today, what would be the level of sustaining CAPEX to expect for you in the coming years on the sustaining CAPEX or maintenance CAPEX?

And the second question is also on capital allocation and the fact that you are having extended these dividend payments using both cash and stock. You are accumulating plenty of cash. Your cash balance has been increasing. Any other comment on potential investments in, or use of this cash that you can mention, apart from all the projects that there are in the pipeline? You have talked about M&A in the past, opportunities, anything opportunistic that you may be, you know, able to comment in terms of going to look for other commodities or for other metals or considering only copper at this stage going forward? Any comment that you can make could be very useful. Thank you.

**Raul Jacob:** Okay, let me focus first on the CAPEX, the level of sustaining CAPEX for the next few years. We are forecasting about \$500 million for maintenance CAPEX. In some cases, we are considering what otherwise would be a maintenance CAPEX as part of a project.

For instance, we are considering replacing truck haulage by conveyor belt haulage at certain operations once the distances are – make it reasonable to consider that. At the end of the day, as you may know, the kilowatt-hour of power that propels a 400-ton truck is much more expensive than what you will pay for moving one ton through a conveyor belt in terms of energy, probably one-fourth of that. So that's one of the reasons why we are not considering certain expenditures as part of our maintenance, but that's what we have. It's about \$500 million.

On the other potential investments, it depends on where we see good opportunities for the company to grow, an asset that fits our current characteristics of being a low-cost copper producer, very efficient copper producer with a significant pipeline of byproducts as well that make our cash cost even more competitive. We will certainly review it and make a recommendation to our Board. For now, that's basically what we're focusing on, Alfonso.

**Alfonso Salazar:** Okay. Excellent. Thank you so much.

**Oscar Gonzalez Barron:** And Raul, the maturity that we have in April?

**Raul Jacob:** Yes, thank you very much, Oscar, Oscar Gonzalez Barron. We have a maturity of \$500 million that will be due in April, so we will be using a portion of our cash position for that. Thank you very much. I forgot about that, Oscar.

**Operator:** Thank you. One moment for our next question. That comes from the line of John Tumazos, with John Tumazos Very Independent Research. Please proceed.

**John Tumazos (John Tumazos Very Independent Research):** Could you give us a little more precision on the timetable, please, for the El Pilar Deep Leach Project in Sonora and Tia Maria in Peru? Which quarter should we expect them to begin making copper?

**Raul Jacob:** In the case of Tia Maria, we will be doing the initial testing of the equipment, but that's our current plan by the second quarter of 2027. We do operate more than five SX-EW plants. One that is quite similar to the one that we will be building in Tia Maria is currently operating at our Buenavista mine in Mexico, so we believe that the ramp-up of these facilities should be relatively quick through the year. Hopefully, we will get into the fourth quarter of 2027 with all the ramping up finished, the operating facilities at full speed. That's our expectation and goal. That's for Tia Maria.

In the case of El Pilar, which is also an SX-EW technology process, we are expecting to finish the build-up of the plant by the end of 2027, so production should be more expected for 2028 in this case.

**John Tumazos:** Thank you.

**Raul Jacob:** You're welcome.

**Operator:** Thank you so much. One moment for our next question. And it comes from the line of Juraj Domic with LarrainVial. Please proceed. Your line is open from LarrainVial.

**Juraj Domic (LarrainVial):** Oh, hello. Good morning. Thanks for the presentation. I was wondering if you could confirm us that the maintenance activities have finished in Toquepala, and if we should not expect any impact in 2025?

And my second question is, perhaps, have your comments on the recent announcements on copper tariffs in the U.S. Thank you.

**Raul Jacob:** Okay. First, on the maintenance activities for the Toquepala, two concentrators, yes, it was finished in December, so we had – in November, I'm sorry. In November. So, we already finished the biennial maintenance in these two concentrators. Well, the impact in 2027 is that you will have the facilities running at full speed all the year. That is what is happening right now.

In the case of copper tariffs, we did a review on the possible impact on the company of a copper tariff as well as, I should say, tariffs in general, because we not only sell copper to the U.S., but also sulfuric acid and silver and so on. So in the case of our sales in Mexico, about 10% of the Mexican sales are directed to the U.S. right now. Of those 10 points, 10 percentage points of the sales in Mexico, 1.5 percentage points will be absorbed by the customer. We already have some talks with the customers that we have over there, and they believe that they will keep buying our materials even though they have to pay a higher tariff. It would be the case, by the way, for all the U.S. consumers of these products.

The rest, say 8.5 percentage points of the 10 points that are the 10% of our total sales, that can be redistributed if it is necessary. We can redirect these sales to some other markets. At the end of the day, we operate producing commodities, and that is one of the characteristics of the commodities, that you can send it to different markets. Particularly in the case of copper, we believe that the copper deficit that the U.S. has vis-à-vis its production versus its consumption would require some material that goes to the U.S., and then we'll see. We haven't had any talks regarding specifically on copper. Hopefully, this will not materialize. We hope, this is our expectation, but if so, it will affect 10% of the sales, and we believe that most of that can be redirected to different markets, to some other markets.

**Juraj Domic:** Perfect. Thank you very much.

**Raul Jacob:** You're welcome.

**Operator:** Thank you. And as a reminder, if you do have a question, simply press star one-one to get in the queue. Mr. Jacob, I don't see any further questions in the queue.

**Raul Jacob:** Thank you very much, Carmen. With this, we conclude our conference call for Southern Copper's fourth quarter of 2024 and the full-year results. We certainly appreciate your participation and hope to have you back with us when we report our first quarter of 2025 results. Thank you very much for being with us and have a nice day.

**Operator:** And with that, thank you, everyone, who participated in today's conference. You may now disconnect.

[END OF TRANSCRIPT]