Risk Factors Comparison 2024-02-29 to 2023-02-28 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text Moved Text Section

Every investor or potential investor in Southern Copper Corporation should carefully consider the following risk factors. Financial risks 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 and complex factors beyond our control. Market prices are affected by a number of factors, including global economic and political conditions in general, and in particular by: international policies and regulations in the ambits of trade, taxes and tariffs; levels of supply and demand; the availability and cost of substitutes; inventory levels maintained by users; actions of participants in the commodities markets; interest rates; expectations regarding future inflation rates; currency exchange rates and changes in technology. In addition, the market prices of copper and certain other metals have on occasion been subject to rapid short- term changes. ~~In 2020, the COVID- 19 pandemic and the consequent negative impact on the global economy created significant volatility in the financial markets, including the copper market.~~ At the start of the pandemic in 2020, copper prices were initially impacted by economic uncertainty. However, in mid- 2020, copper prices began to rise and reached a record highs during 2021. Volatility in global economic growth, particularly in developing countries, has the potential to adversely affect future demand and prices for commodities. Geopolitical uncertainty and protectionism have the potential to inhibit international trade and negatively impact business confidence, which can create price volatility and constraints on our ability to trade in certain markets. In addition to the factors discussed above, copper prices may be affected by demand from China, which is ~~currentlythe~~ --- **currently the** largest consumer of refined copper and concentrate in the world. Over the last three years, approximately ~~79~~ **77. 6** % of our revenues have come from the sale of copper; 10 **. 9** % from molybdenum; ~~5~~ **4. 2** % from silver; and 3 **. 1** % from zinc. Please see the distribution of our revenues per product on Item 8 " Financial Statements and Supplementary Data " Note 19 " Segment and Related Information — Sales value per segment ". See also the historical average price of our products on Item 1 Business caption " Metals prices ". We cannot predict if metals prices will rise or fall in the future. Extended significant future declines in metals prices, particularly copper, could have a material adverse impact on our results of operations, financial condition and value of our assets. Under very adverse market conditions, we might consider curtailing or modifying some of our mining and processing operations. We may be unable to decrease our costs in an amount sufficient to offset reductions in revenues, in which case, we may incur losses, which may be material. Declines in the prices of metals we sell could also result in metals inventory adjustments and impairment charges for our long- lived assets. Other events that could result in the impairment of our long- lived assets include, but are not limited to, decreases in estimated proven and probable mineral reserves and any event that might have a material adverse effect on current and future expected mine production costs. Volatility in metals prices may also impact the price of our outstanding securities. Although our results of operations and cash flow will reflect fluctuations in the prices of copper and other metals we produce, short- term volatility in prices may generate significant fluctuations in the price of our securities. Such volatility in the price of our securities may not be reflective of our operating performance or financial results. Our business requires levels of capital investments that we may not be able to maintain. Our business is capital intensive. Significant capital investments are required specifically for 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. We must continue to invest capital to maintain or 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 at levels that generate sufficient cash, or that we will 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 fails to comply with these obligations, we could be in default under the applicable agreements. This situation, if not addressed or waived, could require immediate repayment of debt obligations. 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 capacity to incur additional debt and liens, dispose of assets, or pay dividends to our common stockholders. ~~16We~~ **We** may not 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 the results of our operations; our financial condition; cash requirements; tax considerations; future prospects; legal restrictions; contractual restrictions in credit agreements; limitations imposed by the government of Peru, Mexico and other countries where we have significant operations; and other factors that our Board of Directors may deem relevant. Depending on our capital investment program and global economic conditions, it is possible that future dividend distributions will be lower than the levels seen in recent years. Our ability to recognize the benefits of deferred tax assets is dependent on future cash flows and taxable income. Through ~~2022~~ **2023** , the Company recognized the expected future tax benefit from deferred tax assets when the tax benefit was considered more likely than not to be realized. A valuation allowance is provided for those deferred tax assets for which management believes that the related benefits will not be realized. Determining the amount of the valuation allowance and assessing the recoverability of deferred tax assets requires management to make significant estimates related to expectations of future taxable income and existing tax laws. There can be no assurance that the Company will be able to recognize the expected future benefits of deferred tax assets; this inability could have a material adverse effect on the Company' s **financial** results ~~of operations~~. Operational risksOur actual reserves and resources may not conform to our current estimates of our ore deposits and our long- term viability depends on our ability to replenish mineral reserves and resources. There is a degree of uncertainty attributable to the estimation of reserves and resources. Until reserves are actually mined and processed, the quantity of ore and grades must be considered estimates only. We disclose proven and probable reserves and measured, indicated and inferred resources, each as defined in Item 1300 of Regulation S- K (" S- K 1300 "). Additionally, the scientific and technical information concerning our mineral projects in this Form 10- K has been reviewed and approved by third- party " qualified persons " pursuant to S- K 1300. We may be required in the future to revise our reserves and resources estimates based on our actual production. We cannot assure you that our actual reserves and resources 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 may not be indicative of future results of operations. Our reserves are depleted as we mine. We depend on our ability to replenish our mineral reserves and resources for our long- term viability. We use several strategies to replenish and increase our mineral reserves and resources, 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 increasing mineral reserves and resources, and we review ~~potential~~ **17potential** 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. 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, wall failures and rock slides in our open- pit mines, structural collapses of our underground mines or tailings impoundments, and lower than expected ore grades or recovery rates. The Company' s operations may also be affected by mudslides and flash floods caused by torrential rains. ~~17Such~~ -- **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, loss of life and damage to equipment. The waste rock and tailings produced in our mining operations represent our largest volume of waste material. Managing the volume of waste rock and tailings presents significant environmental, safety and engineering challenges and risks. We maintain large tailings impoundments containing sand of ground rock, moistened with water, which are effectively large dams that must be engineered, built and monitored to assure structural stability and avoid leakages or structural collapse. Defects, errors and failures at tailings dams and in other impoundments at any of our mining operations could cause severe property and environmental damage and loss of life. The importance of careful design, management and monitoring of large impoundments was emphasized in recent years by large scale tailings dam failures at unaffiliated mines, which caused extensive property and environmental damage and resulted in the loss of life. For more information regarding our tailing dams, please see Item 2 " Properties — Slope Stability — Tailing Dams. " During recent years, social and political demands has caused violence which could result in damage to, or destruction of, mining operations resulting in monetary losses and possible legal liability. ~~We~~ **In our proactive approach to managing operational sustainability risks, we have implemented the Critical Risk Registry, aligning with the International Council on Mining and Metals (ICMM) Good Practice Guide on Health and Safety Critical Control Management. This robust system addresses both environmental and health and safety risks, ensuring compliance with best practices. By focusing on critical controls through this approach, we optimize resource allocation and bolster our efforts in sustainability risk management. To enhance the monitoring of controls, we recently introduced a comprehensive company procedure and digital tool. This platform facilitates detailed oversight by establishing clear roles, responsibilities, timelines, reminders, and notifications. It streamlines the chain of command, enabling the prompt identification of deviations from established protocols and facilitating the implementation of corrective actions along with subsequent monitoring. Through the digital tool, we can measure, verify, and audit controls, promptly identifying instances of incorrect implementation or threshold breaches. In addition, we** maintain insurance against many of these and other risks, which under 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 contemplate requirements for environmental damage insurance. If these regulations come into force, we will have to analyze the need to obtain said insurance. We do not have nor do we intend to obtain, political risk insurance. We cannot assure you that these and other uninsured events will not have an adverse effect on our business, properties, operating results, financial condition or prospects. Changes in the demand level for our products and copper sales agreements could adversely affect our revenues. Our financial results may be affected by fluctuations in demand for the refined, semi- refined metal products and concentrates we sell at both the industrial and consumer level, and may also be affected by changes in the global ~~economy, including economic upturns and downturns of differing magnitudes. Changes in technology, industrial processes, concerns over weaknesses in the global economy and consumer habits may affect the level of demand to the extent that those increase or decrease the need for our metal products. Our revenues may also be adversely affected by events of force majeure that could have a negative impact on our sales agreements. These events include acts of nature, labor strikes, fires, floods, wars, transportation delays, government actions or other events that are beyond the control of the parties to the agreement. Interruptions of energy supply or increases in energy, fuel and gas costs, shortages of water supply, critical parts, equipment, skilled labor and other production costs may adversely~~

~~affect our results of operations. We require substantial amounts of fuel oil, electricity, water and other resources for our operations. Fuel, gas and power costs constituted approximately 34 % of our total production cost in 2022, 31 % in 2021 and 28 % in 2020. We rely upon third parties for our supply of the energy resources consumed in our operations. Therefore prices for and availability of energy resources may be subject to change or curtailment due to new laws or regulations; imposition of new taxes or tariffs; interruptions in production by suppliers; and variations in global prices or market conditions, among other factors. Regarding water consumption, although each of our operations currently has sufficient water supplies 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, shortages relative to the water to which we have rights or a lack of additional back- up water supplies at an acceptable cost, or at all, could require us to curtail or shut down mining production and could prevent us from pursuing expansion opportunities, thereby increasing and / or accelerating costs or foregoing profitable operations. In addition, future shortages of critical parts, equipment and skilled labor could adversely affect our operations and development projects.~~ 18