SOUTHERN PERU COPPER CORP/
Form 10-Q/A
August 14, 2002

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

2002
First Quarter
FORM 10-Q/A

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

For Quarter Ended March 31, 2002 Commission file number 1-14066

SOUTHERN PERU COPPER CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	13-3849074
(State or other jurisdiction of Incorporation or organization)	(I.R.S. Employer Identification No.)
2575 East Camelback Rd. Phoenix, Az	85016
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (602) 977-6500

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 X No

As of March 31, 2002, there were outstanding 14,103,157 shares of Southern Peru Copper Corporation common stock, par value $0.01 per share. There were also outstanding 65,900,833 shares of Southern Peru Copper Corporation Class A common stock, par value $0.01 per share.

Southern Peru Copper Corporation
and Subsidiaries

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EXPLANATORY STATEMENT

This Form 10Q/A amends the Company's quarterly report on Form 10Q for the three months ended March 31, 2002 to reflect the correction of an overstatement of inventories and earnings for that period. See Note G to the unaudited condensed consolidated financial statements for further discussion of this matter.

Management believes the correction is largely associated with the process of compiling reported inventories. Management believes that the Company's current control systems and procedures have eliminated the excess that led to the need for adjustment.

The Company has notified Andersen LLP, which had reviewed such statements for first quarter 2002, upon discovering the need for the restatement. Andersen has advised the company that in light of the restatement, their review of the Company's financial statements for the first quarter of 2002 could not be relied upon.

For purposes of this Form 10-Q/A, and in accordance with Rule 12b-15 under the Securities Exchange Act of 1934, as amended Southern Peru Copper Corporation has amended and has been affected by the restatement. In order to preserve the nature and character of the disclosures set forth in such items as of May 13, 2002, no attempt has been made in this Form 10-Q/A to modify or update such disclosures except as required to reflect the affects of the restatement and other potentially material events.

Southern Peru Copper Corporation
and Subsidiaries

CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS
(Unaudited)

	Three Months Ended March 31, 2002 (As Restated- see Note G)	Three Months Ended March 31, 2001
	(In thousands, except for per share amounts)	
Net sales:		
Related parties	$ 2,157	$ 7,254
Others	134,037	155,166
Total net sales	136,194	162,420
Operating costs and expenses:		
Cost of sales	90,262	103,014
Administrative and other expenses	7,076	7,114
Depreciation and depletion	16,221	20,825
Exploration expense	1,299	2,949
Total operating costs and expenses	114,858	133,902
Operating income	21,336	28,518
Interest income	727	2,754
Other income (expense)	1,192	(373)
Interest expense	(4,003)	(7,001)
Earnings before taxes on income, minority interest of investment shares and extraordinary loss	19,252	23,898
Taxes on income	6,012	7,902
Minority interest of investment shares in income of Peruvian Branch	110	297
Earnings before extraordinary loss	13,130	15,699
Extraordinary loss from early extinguishment of debt net of income tax benefits of $3,876	8,536	-

Net earnings	$ 4,594	$ 15,699
Per common share amounts:		
Earnings before extraordinary loss	$ 0.17	$ 0.20
Extraordinary loss from early extinguishment of debt net of income tax benefits	(0.11)	-
Net earnings - basic and diluted	$ 0.06	$ 0.20
Dividends paid	$ 0.07	$ -
Weighted average common shares outstanding (Basic)	80,004	80,001
Weighted average common shares outstanding (Diluted)	80,006	80,005

The accompanying notes are an integral part of these condensed consolidated financial statements.

Southern Peru Copper Corporation
and Subsidiaries

CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

	March 31, 2002	December 31, 2001
	(in thousands)	
	(As Restated- see Note G)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 94,598	$ 212,857
Marketable securities	16,632	-
Accounts receivable, net	55,412	81,827
Inventories	112,588	101,030
Other assets	31,405	30,931
Total current assets	310,635	426,645
Net property	1,399,965	1,376,777
Other assets	10,703	17,995
Total Assets	$ 1,721,303	$ 1,821,417
LIABILITIES		
Current liabilities:		
Current portion of long-term debt	$ -	$ 122,914

Accounts payable	53,658	53,617
Accrued liabilities	41,995	44,422
Total current liabilities	95,653	220,953
Long-term debt	299,043	273,121
Deferred income taxes	89,292	88,615
Other liabilities and reserves	15,256	15,252
Total non-current liabilities	403,591	376,988
Commitments and Contingencies		
MINORITY INTEREST	13,915	14,021
STOCKHOLDERS' EQUITY		
Common stock (a)	261,628	261,625
Retained earnings	946,516	947,830
Total Stockholders' Equity	1,208,144	1,209,455
Total Liabilities, Minority Interest and Stockholders' Equity	$ 1,721,303	$ 1,821,417
(a) Common shares: Authorized	34,099	34,099
Outstanding	14,103	14,103
Class A common shares Authorized and Outstanding	65,901	65,901

The accompanying notes are an integral part of these condensed consolidated financial statements.

Southern Peru Copper Corporation
and Subsidiaries

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	3 Months En March 31 2002 (in thous (As Restated- see Note G)
OPERATING ACTIVITIES	
Net earnings	$ 4,594
Extraordinary loss, pre tax	12,412
Adjustments to reconcile net earnings to net cash provided by operating activities:	

Depreciation and depletion	16,221
Remeasurement loss	1,129
Provision for deferred income taxes	715
Minority interest of labor shares	110
Cash provided by (used in) operating assets and liabilities:	
Accounts receivable	23,215
Inventories	(11,556)
Accounts payable and accrued liabilities	(1,177)
Other operating assets and liabilities	(719)
Net cash provided by operating activities	44,944
INVESTING ACTIVITIES	
Capital expenditures	(40,984)
Purchase of marketable securities	(16,632)
Sales of property	3
Net cash used in investing activities	(57,613)
FINANCING ACTIVITIES	
Cash paid for early extinguishment of debt	(11,404)
Debt repayment	(122,914)
Proceeds from borrowings	25,922
Escrow withdrawals on long-term loans	6,991
Dividends paid to common stockholders	(2,706)
Distributions to minority interest	(95)
Treasury stock transaction	3
Labor Shares purchased	(129)
Net cash (used in) provided by financing Activities	(104,332)
Effect of exchange rate changes on cash	(1,258)
(Decrease) Increase in cash and cash equivalents	(118,259)
Cash and cash equivalents, at beginning of period	212,857
Cash and cash equivalents, at end of period	$ 94,598

	3 Months Ended March 31, 2002	2001
	(in thousands)	
Supplemental disclosure of cash flow information:		
Cash paid during the year for:		
Interest	$ 4,272	$ 5,011

Income taxes	$ 31	$ -
Supplemental schedule of noncash investing and Financing activities:		
Accounts receivable from shareholders offset by dividends paid	$ 3,199	$ -

The accompanying notes are an integral part of these condensed consolidated financial statements.

Southern Peru Copper Corporation
and Subsidiaries

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

A. In the opinion of Southern Peru Copper Corporation (the "Company" or "SPCC"), the accompanying unaudited condensed consolidated financial statements contain all adjustments (consisting only of normal recurring adjustments) necessary to present fairly the Company's financial position as of March 31, 2002 and the results of operations and cash flows for the three months ended March 31, 2002 and 2001. The condensed financial statements for the three month period ended March 31, 2002 have been subjected to a review by Deloitte and Touche LLP, the Company's independent public accountants, whose report dated July 19, 2002, is presented on page 19. The results of operations for the three months period are not necessarily indicative of the results to be expected for the full year. The accompanying condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's 2001 annual report on Form 10-K.

B. Inventories were as follows:

(In millions)	March 31, 2002
Metals at lower of average cost or market:	
Finished goods	$ 11.2
Work-in-process	51.7
Supplies at average cost	49.7
Total inventories	$ 112.6

For explanation of increase in the inventory of finished goods, please refer to "Net Sales", on page 14.

C. At March 31, 2002, the Company has recorded sales of 1.1 million pounds of copper, at an average provisional price of $0.75 per pound. Also the Company has recorded sales of 2.4 million pounds of molybdenum at an average provisional price of $ 2.37 per pound. These sales are subject to final pricing based on the average monthly LME and COMEX copper prices and Dealer Oxide molybdenum prices in the month of settlement, which will occur in the second quarter of 2002.

D. In the first quarter of 2002, the Company changed the estimated lives of certain machinery and equipment. This change was accounted for prospectively and resulted in a reduction to depreciation expense of approximately $3 million in the first quarter of 2002.

E. Commitments and Contingencies:

Litigation:
In April 1996, the Company was served with a complaint filed in Peru by approximately 800 former employees seeking the delivery of a substantial number of investment shares (formerly called "labor shares") of its Peruvian Branch plus dividends. In October 1997, the Superior Court of Lima nullified a previous ruling on the case rendered by a lower court. The Superior Court remanded the case for a new trial. Plaintiffs filed an extraordinary appeal before the Peruvian Supreme Court. The Supreme Court may grant discretionary review in limited cases. In March 1999, the Company received official notification that the Supreme Court had denied plaintiffs' extraordinary appeal and affirmed the decision of the Superior Court of Lima, which remanded the case to the lower court for further proceedings. In December 1999, the

lower court decided against the Company, ordering the delivery of the investment shares and dividends to the plaintiffs. The Company appealed this decision in January 2000. On October 10, 2000, the Superior Court of Lima affirmed the lower court's decision, which had been adverse to the Company. On appeal by the Company, the Peruvian Supreme Court annulled the proceeding noting that the civil courts lacked jurisdiction and that the matter had to be decided by a labor court. The case is now pending before a labor court of first instance in Lima.

There is also pending against the Company a similar lawsuit filed by 127 additional former employees. In the third quarter of 1997, the court of first instance dismissed their complaint. Upon appeal filed by the plaintiffs, the Superior Court of Lima, in the third quarter of 1998, nullified the lower court's decision on technical grounds and remanded the case to the lower court for further proceedings. In December 1999, the lower court dismissed the complaint against the Company. Plaintiffs appealed this decision in January 2000 before the Superior Court. At the end of 2000 the Superior Court rejected the appeal. Plaintiffs have filed an extraordinary appeal before the Supreme Court. The Supreme Court may grant discretionary review in limited cases.

In February 2002, the Company received notice that approximately 3,000 additional former employees intended to file a similar lawsuit, for unspecified amounts, seeking the delivery of a substantial number of investment shares. The conciliation hearing took place and was concluded when no agreement was reached. The plaintiffs may now file a lawsuit against the Company. The Company will challenge the claim.

On December 28, 2000, a lawsuit was filed against the Company in federal court in New York City. The lawsuit seeks unspecified compensatory and punitive damages for alleged personal injuries to eight persons resident in Peru arising from alleged releases into the environment from the Company's operations in Peru. The lawsuit is similar to a suit filed in 1995 in

Texas, for unspecified amounts, which was dismissed in 1996 by a U. S. district judge. That ruling was affirmed unanimously by a three-judge federal appeals court. The court made it clear that the claims of Peruvian residents should be tried in the courts of Peru, not in the United States.

It is the opinion of management that the outcome of the aforementioned legal proceedings, as well as other miscellaneous litigation and proceedings now pending, will not have a material adverse effect on the financial position of the Company and its consolidated subsidiaries. However, it is possible that litigation matters could have a material effect on quarterly or annual operating results, when they are resolved in future periods.

F. Impact of New Accounting Standards:

In August 2001, the FASB issued SFAS No. 143 "Accounting for Asset Retirement Obligations", which will be required to be adopted effective January 1, 2003. SFAS No. 143 establishes standards for accounting for an obligation associated with the retirement of long-lived tangible assets. Management is assessing the impact of this statement on the results of operations and financial condition.

In April 2002, the FASB issued SFAS No. 145 to rescind FASB Statement No. 4, "Reporting Gains and Losses from Extinguishment of Debt", and an amendment of that Statement, FASB Statement No. 64, "Extinguishments of Debt Made to Satisfy Sinking-Fund Requirements". This Statement also rescinds FASB Statement No. 44, "Accounting for Intangible Assets of Motor Carriers". This Statement which shall be applied in fiscal years beginning after May 15, 2002,

amends FASB Statement No. 13, "Accounting for Leases", to eliminate an inconsistency between the required accounting for sale-leaseback transactions and the required accounting for certain lease modifications that have economic effects that are similar to sale-leaseback transactions. This Statement also amends other existing authoritative pronouncements to make various technical corrections, clarify meanings, or describe their applicability under changed conditions. Management is assessing the impact of this statement on the results of operations and financial condition.

In June 2002, the FASB issued SFAS No. 146 "Accounting for Costs Associated with exit or disposal activities" which will be required to be effective for exit or disposal activities that are initiated after December 31, 2002, addresses financial accounting and reporting for costs associated with exit or disposal activities and nullifies Emerging Issues Task Force (EITF) Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)". Management is assessing the impact of this statement on the results of operations and financial condition.

G. Subsequent to the issuance of the Company's financial statements for the quarter ended March 31, 2002, managements determined that certain inventories and operating income were overstated by approximately $3 million. The effect of the error, after income taxes and minority interests, is an overstatement of net income for the period of approximately $1.8 million. Accordingly, the Company has restated its financial statements as of and for the three months ended March 31, 2002. A summary of the effects of the restatement follows.

Southern Peru Copper Corporation
and Subsidiaries

Condensed Consolidated Statement of Earning
(Unaudited)
Three Months Ended
2002

(In thousands, except for per share amounts)

	As Restated	As Previously Reported
Net sales:		
Related parties	$ 2,157	$ 2,157
Others	134,037	134,037
Total net sales	136,194	136,194
Operating costs and expenses:		
Cost of sales	90,262	87,502
Administrative and other expenses	7,076	7,076
Depreciation and depletion	16,221	16,221
Exploration expense	1,299	1,299
Total operating costs and Expenses	114,858	112,098
Operating income	21,336	24,096
Interest income	727	727
Other income (expense)	1,192	1,192
Interest expense	(4,003)	(4,003)
Earnings before taxes on income, minority interest of investment shares and extraordinary loss	19,252	22,012
Taxes on income	6,012	7,086
Minority interest of investment shares in income of Peruvian Branch	110	110
Earnings before extraordinary loss	13,130	14,816
Extraordinary loss from early extinguishment of debt net of income tax benefits of $3,876 and $3,995	8,536	8,417
Net earnings	$ 4,594	$ 6,399

Per common share amounts:		
Earnings before extraordinary loss	$ 0.16	$ 0.19
Extraordinary loss from early Extinguishment of debt net of Income tax benefits	$ 0.11	$ 0.11
Net earnings - basic and diluted	$ 0.05	$ 0.08
Dividends paid	$ 0.07	$ 0.07
Weighted average common shares outstanding (Basic)	80,004	80,004
Weighted average common shares outstanding (Diluted)	80,006	80,006

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Southern Peru Copper Corporation
and Subsidiaries

Consolidated Balance Sheets
(Unaudited)
As of March 31, 2002

	As Restated	As Previously Reported
ASSETS		
Current assets:		
Cash and cash equivalents	$ 94,598	$ 94,598
Marketable securities	16,632	16,632
Accounts receivable, net	55,412	55,412
Inventories	112,588	115,588
Other assets	31,405	30,737
Total current assets	310,635	312,967
Net property	1,399,965	1,399,965
Other assets	10,703	10,703
Total Assets	$ 1,721,303	$1,723,635
LIABILITIES		
Current liabilities:		
Accounts payable	$ 53,658	$ 53,658
Accrued liabilities	41,995	42,006
Total current liabilities	95,653	95,664
Long-term debt	299,043	299,043
Deferred income taxes	89,292	89,567
Other liabilities and reserves	15,256	15,496
Total non-current liabilities	403,591	404,106

Commitments and Contingencies		
MINORITY INTEREST	13,915	13,915
STOCKHOLDERS' EQUITY		
Common stock (a)	261,628	261,628
Retained earnings	946,516	948,322
Total Stockholders' Equity	1,208,144	1,209,950
Total Liabilities, Minority Interest and Stockholders' Equity	$ 1,721,303	$ 1,723,635
(a) Common shares: Authorized	34,099	34,099
Outstanding	14,103	14,103
Class A common shares Authorized and Outstanding	65,901	65,901

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PART I ITEM 2 AND ITEM 3

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS
AND QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

As discussed in Note G to the unaudited condensed consolidated financial statements, we have restated our financial statements for the quarter ended March 31, 2002. The accompanying Management's Discussion and Analysis gives effect to the restatement.

Management believes the correction is largely associated with the process of compiling reported inventories. Management believes that the Company's current control systems and procedures have eliminated the excess that led to the need for adjustment.

The Company has notified Andersen LLP, which had reviewed such statements for first quarter 2002, upon discovering the need for the restatement. Andersen has advised the company that in light of the restatement, their review of the Company's financial statements for the first quarter of 2002 could not be relied upon.

For purposes of this Form 10-Q/A, and in accordance with Rule 12b-15 under the Securities Exchange Act of 1934, as amended Southern Peru Copper Corporation has amended and has been affected by the restatement. In order to preserve the nature and character of the disclosures set forth in such items as of May 13, 1999, the attempt has been made in this Form 10-Q/A to modify or update such disclosures except as required to reflect the affects of the restatement and other potentially material events.

The Company reported net earnings of $4.6 million, or 5 cents per common share, for the first quarter ended March 31, 2002 compared with net earnings of $15.7 million, or 20 cents per common share, for the first quarter of 2001. The decrease in earnings in the first quarter of 2002 is primarily the result of lower sales and lower copper prices when compared with the first quarter of 2001, and an extraordinary loss from early extinguishment of debt. The average price for copper on the London Metal Exchange (LME) was 71 cents per pound for the first quarter of 2002 compared with 80 cents per pound in the first quarter of 2001. The average price for copper on the New York Commodity Exchange (COMEX) was 72 cents per pound for the first quarter of 2002, compared with 82 cents per pound in the first quarter of 2001.

Mine copper production increased 8.5% to 188.7 million pounds in the first quarter of 2002, compared with the first quarter of last year. Higher ore grades and throughput at both mines were responsible for the increase in production. SX/EW production reached 31.7 million pounds during the first quarter of 2002, an increase of 1.8 million pounds of copper over the similar period in 2001, as a result of the completion of the SX/EW plant expansion at the end of October 2001. Copper concentrates smelted at the Ilo smelter increased by 9.5% and blister copper production increased by 11.6% during the first quarter of 2002, compared with the similar period in 2001, reaching a total of 297,743 and 76,302 metric tons, respectively. The refined copper production at the Ilo refinery increased 2.3% to 152.5 million pounds in the first quarter of 2002, compared with the same period last year. These increases are due to improved production efficiencies at the smelter and Ilo refinery.

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On February 1, 2002, SPCC prepaid and canceled the $122.9 million balance of the $150 million Secured Export Notes that were placed in 1997 in the United States and international markets. A premium of $11.4 million and the unamortized balance of $1.0 million of commissions related to this prepayment has been expensed as an extraordinary item. This one time event had an impact on after tax earnings of $8.5 million or 11 cents per share.

On February 22, 2002, the Company sold bonds for $25.9 million, with maturities ranging from May 2005 to February 2012, to investors in Peru. The bonds have an interest rate of LIBOR plus 3.0% and were issued through SPCC's Peruvian Branch. These bonds form part of a $750 million Peruvian bond market program, the proceeds of which will be used to finance a portion of SPCC's expansion and modernization program.

The Toquepala concentrator expansion and modernization project had reached 84% completion at the end of March 2002, with an investment of $43.3 million out of the $69.5 million budgeted. It is anticipated that when this project reaches completion at the end of August 2002, the Toquepala concentrator milling capacity will increase from 45,000 to 60,000 metric tons per day. This increase in production represents an annual increase of 122,815 metric tons of concentrates to be processed at the Ilo smelter. The Cuajone leaching facilities expansion project is being developed to expand the leaching pads and the grinding plant. This will allow the plant to produce 18 tons per day of copper contained in solution for treatment at the solvent extraction plant in Toquepala. The combined progress of engineering, procurement and construction reached 97% completion as of March 31, 2002.

At the end of 2001, the Company initiated a feasibility study to expand production capacity at the Ilo refinery's electrolytic plant by 80,000 tons per year to eventually reach total production of 360,000 tons of cathodes annually.

INFLATION AND DEVALUATION OF PERUVIAN NUEVO SOL: The functional currency of the Peruvian Branch is the US Dollar. A portion of the Company's operating costs is denominated in Peruvian nuevos soles. Since the revenues of the Company are primarily denominated in U.S. dollars, when inflation in Peru is not offset by a corresponding devaluation of the Peruvian nuevo sol, the financial position, results of operations and cash flows of the Company could be adversely affected. For the three months ended March 31, 2002 the inflation and devaluation rates were (0.02%) and 0.00%, respectively.

NET SALES: Net sales in the first quarter of 2002 decreased $26.2 million to $136.2 million from the comparable period in 2001. The decrease in net sales was principally the result of lower copper prices in 2002 and due to an unusual and unexpected delay in the arrival of 3 vessels to the port of Ilo, originally scheduled for arrival at month's end. As a result, 10,311 metric tons of copper worth $16.3 million and 645 metric tons of molybdenum worth $1.9 million were not shipped in the month of March. The shipment, which had a sales value of $18.2 million was recognized as sales in the month of April 2002.

At March 31, 2002, the Company has recorded sales of 1.1 million pounds of copper, at an average provisional price of $0.75 per pound. Also the Company has recorded sales of 2.4 million pounds of molybdenum at an average provisional price of $ 2.37 per pound. These sales are subject to final pricing based on the average monthly LME and COMEX copper prices and Dealer Oxide molybdenum prices in the month of settlement, which will occur in the second quarter of 2002.

PRICES: Sales prices for the Company's metals are established principally by reference to prices quoted on the LME, the COMEX or published in Platt's Metals Week for dealer oxide mean prices for molybdenum products.

Price/Volume Data:	Three Months Ended March 31, 2002	2001
Average Metal Prices		
Copper (per pound-LME)	$ 0.71	$ 0.80
Copper (per pound - COMEX)	0.72	0.82
Molybdenum (per pound)	2.74	2.25
Silver (per ounce-COMEX)	4.47	4.53
Sales Volume (in thousands):		
Copper (pounds)	170,600	177,900
Molybdenum (pounds) (1)	4,573	4,460
Silver (ounces)	888	920

(1) The Company's molybdenum production is sold in concentrate form. Volume represents pounds of molybdenum contained in concentrates.

METAL PRICE SENSITIVITY: There is market risk arising from the volatility of copper prices. Assuming that expected metal production and sales are achieved, that tax rates are unchanged, that the number of shares outstanding is unchanged, and disregarding the effects of hedging programs or changes in past production, metal price sensitivity factors would indicate the following estimated change in earnings per share resulting from metal price changes in 2002. Estimates are based on 80.0 million shares outstanding.

	Copper	Silver	Molybdenum
Change in Metal Prices	$ 0.01/lb.	$ 1.00/oz.	$ 1.00/l
Annual Change in Earnings per share	$ 0.06	$ 0.03	$ 0.15

OPERATING COSTS AND EXPENSES: Operating costs and expenses were $114.9 million in the first quarter of 2002 compared with $133.9 million in the first quarter of 2001.

Cost of sales for the three months ended March 31, 2002 was $90.3 million compared with $103.0 million in the comparable 2001 period. The decrease is a result of a combined effect of lower sales and lower production cost, partially offset by higher copper sales from purchased concentrates.

Administrative and other expenses were $7.1 million in the three months ended March 31, 2002, the same amount for the comparable 2001 period.

Depreciation and depletion expense for the three months ended March 31, 2002 was $16.2 million compared with $20.8 million in the comparable 2001 period. The decrease in 2002 is principally due to a change to longer estimated service lives of certain machinery and equipment implemented prospectively during the first quarter 2002.

NON-OPERATING ITEMS: Interest income was $0.7 million in the first quarter of 2002, compared to $2.8 million in the comparable 2001 period. The decrease reflects lower amounts of excess cash invested in the year 2002.

Interest expense was $4.0 million in the first quarter of 2002, compared with $7.0 million in the first quarter of 2002. The decrease reflects the decrease in the levels of long-term debt maintained by the company during 2002 as compared to the same period during 2001.

TAXES ON INCOME: Taxes on income for the three months ended March 31, 2002, were $2.1 million (net of a $3.9 million benefit, which was recorded as part of the extraordinary loss), compared with $7.9 million for the same period in 2001. The decrease was principally due to lower earnings in 2002.

CASH FLOWS:

Net cash provided by operating activities was $44.9 million in the first quarter of 2002, compared with $99.5 million in the comparable 2001 period. The decrease was principally attributable to reimbursements of Peruvian value added taxes of $45.5 millions in 2001 made by the government.

Net cash used in investing activities was $57.6 million consisting of $41.0 million of capital expenditures and $16.6 million of purchase of marketable securities in the first quarter of 2002. In the first quarter of 2001, net cash used in investing activities was $27.5 million related to capital expenditures.

Net cash used in financing activities in the first quarter of 2002 was $104.3 million, compared with cash generated of $395.4 million in the first quarter of 2001. The first quarter of 2001 includes proceeds of $400.0 million under a credit line contracted with a group of international financial institutions, which was cancelled and repaid in December 2001.

LIQUIDITY AND CAPITAL RESOURCES:

On February 1, 2002, SPCC prepaid the remaining $122.9 million of Secured Export Notes that were placed in the United States and international markets. A premium of $11.4 million and an unamortized balance of $1.0 million of commissions related to this prepayment has been expensed as an extraordinary item.

On February 22, 2002, the Company sold bonds for $25.9 million, with maturities ranging from May 2005 to February 201,2 to investors in Peru. The bonds have an interest rate of LIBOR plus 3.0% and were issued through SPCC's Peruvian Branch. These bonds form part of a $750 million Peruvian bond market program, the proceeds of which will be used to finance a portion of SPCC's expansion and modernization program.

On March 8, 2002, the Company paid a quarterly dividend of 7.4 cents per share, to stockholders of record at the close of business on February 18, 2002. Additionally, on April 30, 2002, the Company declared a quarterly dividend of 4 cents per share payable June 7, 2002, to stockholders of record at the close of business on May 20, 2002.

Certain financing agreements contain covenants that limit the payment of dividends to stockholders. Under the most restrictive covenant, the Company may pay dividends to stockholders up to 50% of the net income of the Company, on an annual basis.

The Company expects to meet its liquidity and capital expenditure requirements, from internally generated funds, cash on hand and from additional external financing.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES:

Southern Peru Copper Corporation's discussion and analysis of its financial condition and results of operations, as well as quantitative and qualitative disclosures of market risks, are based upon its consolidated financial statements, which have prepared in accordance with generally accepted accounting principles in the United States of America (US GAAP). Preparation of these financial statements requires Southern Peru's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, as well as the reported amounts of revenues and expenses, for the reported period. The more significant areas requiring the use of management estimates and assumptions relate to mineral reserves that are the basis for future cash flow estimates and units-of-production for mine depletion determination; environmental, reclamation and closure obligations; asset impairments (including estimates of future cash flow); litigation and contingencies.

Southern Peru, at least annually, estimates its ore reserves at active properties and properties currently on care-and-maintenance status. Ore reserve estimates are based upon engineering evaluations of assay values derived from samplings of drill holes and other openings. Additionally, declines in the market price of a particular metal may render certain reserves containing relatively lower grades of mineralization economically unfeasible to mine. Further, availability of permits, changes in operating and capital costs, and other factors could materially and adversely affect ore reserves. Southern Peru uses its ore reserve estimates in determining the unit basis for mine depletion, as well as in evaluating mine assets impairments. Changes in ore reserve estimates could significantly affect these items. Please also refer to "Cautionary Statement".

For the first three months of 2002, the Company changed the estimated useful lives of certain machinery and equipment. This change was accounted for prospectively and resulted in a reduction to depreciation expense of approximately $3.1 million in the first three months of 2002. Estimated useful lives of the Company's fixed assets are based on periodic evaluation by the Company's management and engineers. Changes in such estimates could significantly affect, among other things, the Company's operating costs and net income.

IMPACT OF NEW ACCOUNTING STANDARDS:

In August 2001, the FASB issued SFAS No. 143 "Accounting for Asset Retirement Obligation", which will be required to be adopted effective January 1, 2003. SFAS No. 143 establishes standards for accounting for an obligation associated with the retirement of long-lived tangible assets. Management is assessing the impact of this statement on the results of operations and financial condition.

In April 2002, the FASB issued SFAS No. 145 to rescind FASB Statement No. 4, "Reporting Gains and Losses from Extinguishment of Debt", and an amendment of that Statement, FASB Statement No. 64, "Extinguishments of Debt Made to Satisfy Sinking-Fund Requirements". This Statement also rescinds FASB Statement No. 44, "Accounting for Intangible Assets of Motor Carriers". This Statement which shall be applied in fiscal years beginning after May 15, 2002, amends FASB Statement No. 13, "Accounting for Leases", to eliminate an inconsistency between the required accounting for sale-leaseback transactions and the required accounting for certain lease modifications that have economic effects that are similar to sale-leaseback transactions. This Statement also amends other existing authoritative pronouncements to make various technical corrections, clarify meanings, or describe their applicability under changed conditions. Management is assessing the impact of this statement on the results of operations and financial condition.

In June 2002, the FASB issued SFAS No. 146 "Accounting for Costs Associated with exit or disposal activities" which will be required to be effective for exit or disposal activities that are initiated after December 31, 2002, addresses financial accounting and reporting for costs associated with exit or disposal activities and nullifies Emerging Issues Task Force (EITF) Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)". Management is assessing the impact of this statement on the results of operations and financial condition.

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 as well as projected demand or supply for the Company's products. Actual results could differ materially depending upon factors including the availability of materials, equipment, required permits or approvals and financing, the occurrence of unusual weather or operating conditions, lower than expected ore grades, the failure of equipment or processes to operate in accordance with specifications, labor relations, 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.

INDEPENDENT ACCOUNTANTS' REPORT

To Southern Peru Copper Corporation:

We have reviewed the accompanying condensed consolidated balance sheet of Southern Peru Copper Corporation and subsidiaries (a Delaware Corporation) as of March 31, 2002 and the related condensed consolidated statements of earnings and cash flows for the three-month then ended. These financial statements are the responsibility of the Company's management.

We conducted our reviews in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the condensed consolidated financial statements referred to above for them to be in conformity with generally accepted accounting principles.

As discussed in Note G, the condensed consolidated financial statements for the three month period ended March 31, 2002 have been restated.

The accompanying condensed consolidated financial information as of December 31, 2001, and for the three-month period ended March 31, 2001, were not audited or reviewed by us and, accordingly, we do not express an opinion or any other form of assurance on them.

DELOITTE & TOUCHE LLP

Phoenix, Arizona
July 19, 2002

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Part II - OTHER INFORMATION

Item 6 - Exhibits and Reports on Form 8-K.

Exhibit 15. Independent Accountants' Awareness Letter

Reports on Form 8-K

On April 30, 2002, the Company filed a Current Report on Form 8-K dated April 25, 2002 reporting a change in the Company's certifying accountant. On April 25, 2002, upon the recommendation of the Audit Committee, the Board of Directors of the Company approved the selection of Deloitte & Touche LLP as independent auditors for 2002, removing Arthur Andersen LLP.

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Part II - OTHER INFORMATION

SIGNATURES

Pursuant to the requirement of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SOUTHERN PERU COPPER CORPORATION
(Registrant)

/s/ Oscar Gonzalez Rocha

Date: August 14, 2002 Oscar Gonzalez Rocha
President

/s/ Daniel Tellechea Salido

Date: August 14, 2002 Daniel Tellechea Salido
Vice President of Finance

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