

PERU

By C.G. Soldi

Peru's GDP increased by 3.6% during 2000, a figure slightly lower than that of the previous year. Inflation for the year was 3.8%, a value similar to that of 1999. The value of all Peruvian exports decreased by 13% to US\$5.34 billion during 2000, imports also decreasing by 17% to US\$5.56 billion, reducing the trade deficit of the country to US\$22 million, a figure 96% lower than that of the previous year. Peru's net international reserves at the end of the year totalled US\$8.18 billion, which represents a slight decrease on the previous year's figure.

Following President Fujimori's re-election for a third period in May 2000, after a highly controversial electoral process, he was forced to call for new elections in September and then to resign the presidency in November, following the serious and documented

accusations of corruption during his government. Following his resignation, a transition government headed by the President of the Congress was appointed to conduct a new election scheduled to take place in May 2001.

Despite the not very favourable conditions of international metal prices, 2000 was a relatively good year for Peru's mining industry, during which a number of new projects and mine expansions continued being executed. Among the most important of these were the construction of the Antamina project, now scheduled to start production before the end of 2001, and the expansion of the Southern Peru Copper Corp. (SPCC) operations in Toquepala and Cuajone.

Peru's mine production remained at a level similar to that of 1999. Amongst the most

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important developments in the Peruvian mining sector in 2000 were the increase in silver (9.7%), gold (2.7%) and zinc (1.2%) production, the advances achieved by Cia Minera Antamina in the construction of its new copper-zinc project and Manhattan Minerals' important findings at the new mining district of Tambo Grande in northern Peru.

The value of 2000 Peruvian mining production is estimated at US\$3.50 billion, whilst the value of all mining products exported during the year was US\$3.0 billion, a figure similar to that of 1999. Mining and oil export earnings amounted to US\$3.15 billion during 2000, representing 59% of the country's total exports income.

Minera Yanacocha, the largest private gold producer in Peru, increased production by 7% during 2000, achieving a new output record of 55.05 t of gold, representing 42% of the country's gold production. As a result of the increase in production by Yanacocha and other medium-sized gold mining operations in the country, Peru consolidated its position as the largest gold producer in Latin America.

Manhattan Sechura Cia Minera continued exploring the Tambo Grande deposit and is expected to complete the feasibility study of the project before the end of this year.

Copper

Peru's copper production increased by 3% during 2000, reaching 553,924 t, its value being estimated at US\$974 million. Copper exported during 2000 was 529,100 t, valued at US\$931 million (including the value of silver contained in copper concentrates).

SPCC remained the largest copper producer, reporting an output of 339,248 t of fine copper content from its mining operations at Toquepala and Cuajone, a figure slightly higher than that achieved in 1999.

BHP Tintaya, the second largest Peruvian copper producer, reported output of 91,664 t of copper from its open-pit mine located

between Arequipa and Cusco, a figure 19% higher than that achieved in 1999. Cyprus Cerro Verde, the operator of the Cerro Verde mine in Arequipa, reported a total production of 71,249 t of fine copper during 2000, a figure 5% higher than that of the previous year. Doe Run Peru produced 17,908 t of copper during the year from its Cobriza mine.

Cia Minera Condestable, now operating the mine previously managed by Cia Minera Pativilca, reported production of 8,375 t in 2000, which represented a 47% increase on the previous year's output. Cia Minera Raura produced 4,443 t, Empresa Minera Yauliyacu 2,753 t, Volcan Cia Minera 2,695 t and other medium and small-sized mines located throughout the country accounted for the remaining 15,589 t of copper produced during 2000.

Lead, Zinc and Silver

Lead production in 2000 was 270,576 t, zinc was 910,303 t and silver 2,341 t. Export values were US\$190.4 million for lead

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(containing silver), US\$498.8 million for zinc (also containing silver) and US\$179.5 million for silver itself. Following the transfer of Centromin Peru's Paragsha unit to Volcan Cia Minera in 1999, the latter became the country's largest lead and zinc producer, reporting an output of 69,649 t of lead, 232,215 t of zinc and 265.54 t of silver for 2000, thus, in addition, becoming the second largest silver producer in the country.

Empresa Minera Izcaycruz, owned by Glencore, reported output of 98,857 t of zinc during the year, remaining the country's second largest zinc producer. Cia Minera Milpo, the country's third largest private zinc producer, reported an output of 71,050 t of this metal, 20,427 t of lead and 97.14 t of silver during 2000. Cia Minera Atacocha remained the second largest lead producer, reporting output of 26,739 t of this metal, 52,323 t of zinc and 104.4 t of silver for 2000.

Cia Minera Santa Luisa, the Mitsui Mining subsidiary, produced 23,332 t of lead, 47,731 t of zinc, and 53 t of silver from its Huanzalá mine. Soc. Minera El Brocal reported production of 43,928 t of zinc, 18,203 t of lead and 92 t of silver, and Cia Minera San Ignacio de Morococha, which used to be the country's largest zinc producer, dropped to seventh position after reporting output of 40,447 t during 2000, a 38% drop on the previous year.

Cia de Minas Buenaventura retained its position as the largest Peruvian producer of silver, reporting output of 283 t of this metal for 2000. The company also reported lead and zinc production of 9,352 t and 11,099 t respectively. Soc. Minera Corona, remained the third largest silver producer, after reporting output of 174 t of silver for 2000. Cia de Minas Arcata became the fourth largest private silver producer, reporting production of 160 t of this metal and Empresa Minera

Yauliyacu reported output of 11,077 t of lead, 33,480 t of zinc and 134 t of silver for 2000.

SPCC reported output of 132.1 t of silver during 2000, from its smelting and refining operations in Ilo. The underground Quiruvilca mine in northern Peru, operated by Corporación Minera Nor Peru, a subsidiary of Panamerican Silver of Canada, reported production of 25,577 t of zinc, 9,204 t of lead and 128 t of silver.

Iron and Steel

Shougang Hierro Peru, the country's only iron-ore producer, managed to stabilise its production during the year, reporting output of 2.52 Mt in 2000, a figure slightly lower than that achieved during 1999. Siderperu, the now privately-owned steel plant, continued to upgrade and modernise Peru's largest steelworks. The value of Peruvian iron-ore exports during 2000 was US\$66.6 million for all products (pellets and sinter feed), representing a figure similar to that of 1999.

Gold

Peruvian gold production experienced modest growth during 2000 following the expansion of some of the existing mines. The country's total gold output reached 131,080 kg. Over the past four years, Peru has doubled its annual gold production, becoming the leading Latin American producing country and third in the Americas, following the US and Canada. Peruvian gold exports in 2000 were valued at US\$1.14 billion, a figure slightly lower than that of the previous year. During 2000, gold represented 38% of the value of all mining exports.

Minera Yanacocha remained the largest gold producer in the country, reporting output of 55,054 kg at the end of 2000, a figure that represents an 8% increase on the previous year's mine output. Other important gold producers during 2000 were: Minera Barrick Misquichilca, the operator of the

Other 2000 Metal Production (t)	
Tin	37,410
Molybdenum	7,193
Arsenic	1,718
Bismuth	744
Antimony	461
Cadmium	458
Selenium	21.60
Tellurium	21.51
Indium	4.58

Pierina mine (now in full production), which reported output of 25,164 kg in 2000; Minera Aurifera Retamas with 5,238 kg; Cia Minera Ares, with 5,200 kg during 2000; Cia Minera Sipan with 4,827 kg; Consorcio Minero Horizonte with 4,017 kg; Cia Minera Aurifera Santa Rosa with 3,044 kg; and Cia Minera Poderosa with 1,984 kg.

Gold contained in different types of concentrates produced in the country was estimated at 5,680 kg for 2000. Other medium and small mines accounted for 4,375 kg and an unknown number of informal individual miners accounted for 16,500 kg, representing now around 13% of the country's gold production.

Other metals

Minsur remained Peru's only tin producer and continued consolidating its expansion and modernisation projects at the San Rafael mine, as well as at its tin smelting and refining installation located in Pisco, south of Lima.

Petroleum

Peruvian crude oil production remained at an average of 100,000 bbl/d for 2000. The value of oil exports in 2000 totalled US\$380.4 million (US\$246.7 million of which corresponded to refined products), whilst imports amounted to US\$1.099 billion, generating a trade deficit of US\$719 million.

Oil exploration in Peru continued during 2000, aimed mainly at finding new oil fields to replace part of the oil that the country currently imports to cover the

increasing local demand. A number of new oil production and exploration contracts were signed during the year.

Natural gas production experienced a decrease during the year, reaching a level of 276.5 million m³. As a result of the decision made in July 1998 by the Shell/Mobil consortium not to proceed with the second phase of the development of the Camisea gas field, the Peruvian Government issued a new call for bids and the project was finally awarded in March 2000 to the consortium formed by Pluspetrol of Argentina, Hunt Oil of the US and SK Corp of South Korea, which offered the best conditions.

Occidental Petroleum remained the largest oil producer in the country, accounting for 37% of total crude oil production, the balance being produced by Pluspetrol (26%), Petrotech (13%), Perez Compac (12%) and the remaining 12% from other minor producers.

Peruvian Mine Production ('000 t except where stated)						
Product	1995	1996	1997	1998	1999	2000 ^e
Gold (t)	56.26	64.37	76.82	93.57	128.09	132.59
Silver	1.91	1.97	2.08	2.03	2.22	2.44
Copper	405	484	503	483	536	554
Lead	233	249	258	258	271	271
Zinc	689	761	865	869	899	910
Tin	22.3	27.0	28.0	25.7	30.4	37.4
Iron ore	3,800	2,900	3,000	3,200	2,500	2,500
Molybdenum	4.6	3.7	3.8	4.3	5.5	7.2
Arsenic (t)	274	320	837	624	1,611	1,718
Antimony (t)	230	305	242	364	255	461
Bismuth (t)	581	939	774	868	705	744
Cadmium (t)	560	550	562	132	465	458
Indium (t)	5.07	4.29	3.80	4.23	5.00	4.58
Selenium (t)	14.52	12.60	12.68	18.01	23.00	21.60
Tellurium (t)	30.09	25.09	24.75	21.68	17.00	21.51
Tungsten (t)	728	331	280	76	0	0
Crude oil (Mbbbl)	44	44	44	42	37	36

^e Estimates