



# MEETING GOALS



GRUPOMEXICO

ANNUAL REPORT 2015



# INDEX

LETTER TO THE SHAREHOLDERS	02
OUTSTANDING DATA	08
ANALYSIS AND DISCUSSION OF CONSOLIDATED RESULTS GRUPO MÉXICO	10
<b>MINING DIVISION</b>	26
GEOGRAPHIC LOCATION	28
RELEVANT FIGURES	30
AMERICAS MINING CORPORATION	31
BYPRODUCTS	37
PROJECTS AND INVESTMENTS	45
EXPLORATION	50
SAFETY AND HEALTH	56
<b>TRANSPORTATION DIVISION</b>	62
GEOGRAPHIC LOCATION	64
TRANSPORTATION DIVISION	66
RELEVANT FIGURES	67
<b>INFRASTRUCTURE DIVISION</b>	74
GEOGRAPHIC LOCATION	76
MEXICO PROJECTS AND DEVELOPMENTS	78
RELEVANT FIGURES	79
<b>GRUPO MÉXICO FOUNDATION</b>	88
<b>SOCIAL RESPONSIBILITY AND ENVIRONMENTAL ACTIONS</b>	108
MANAGEMENT BOARD AND MAIN OFFICIALS	129

## LETTER TO THE SHAREHOLDERS

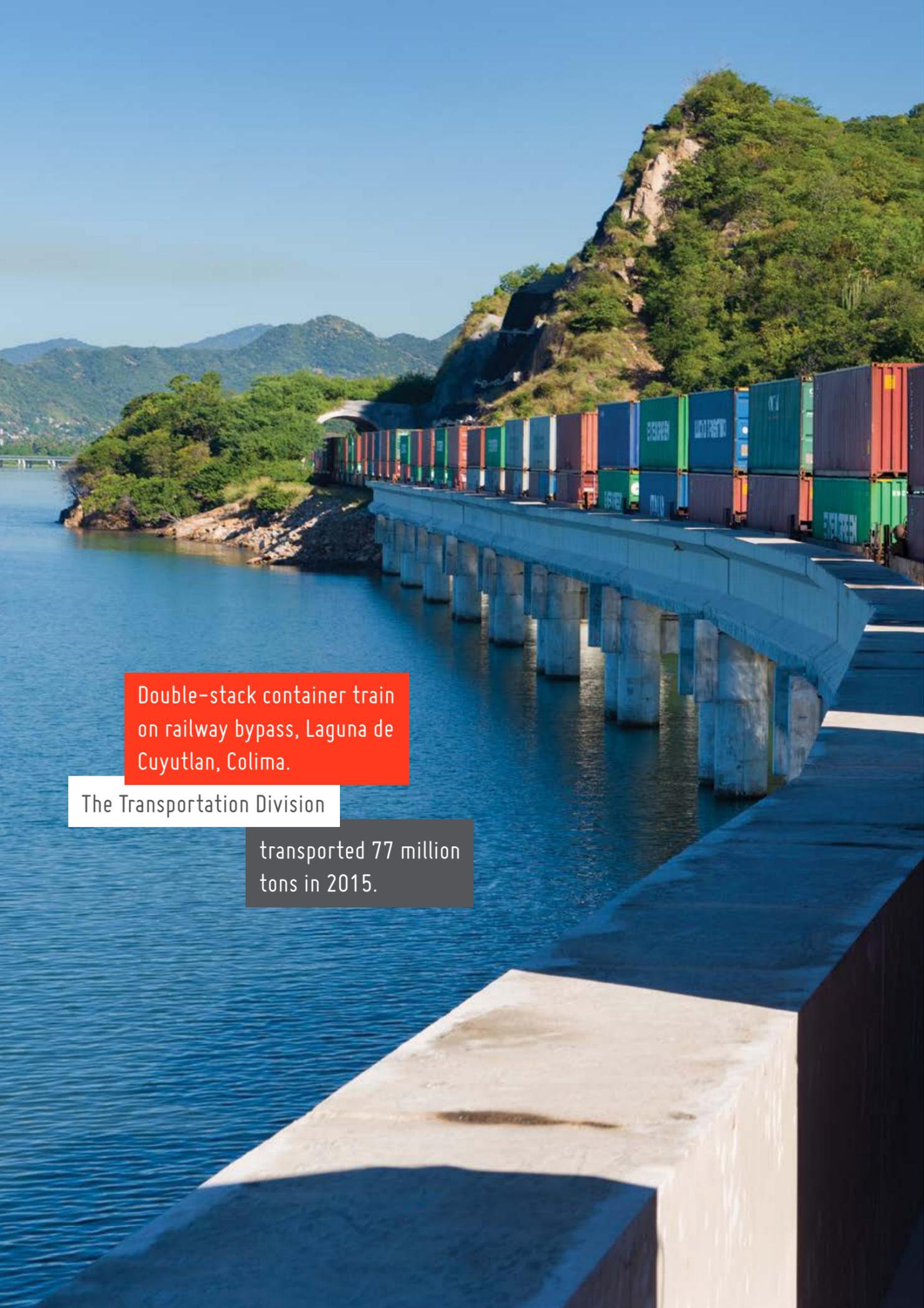
Our company delivered exceptional results during 2015, despite the complex macroeconomic environment worldwide, which reflected in high market volatility. Metal prices suffered a significant drop. For instance, copper, our main product, plunged to levels not seen since 2008. The growth rate of emerging economies decreased, whereas developed countries recovered less than expected. All this, in turn, led to new challenges for Grupo México.

Consolidated sales in 2015 totaled US\$8.17 billion; that is, 12% less than in 2014, affected by lower metal prices—particularly, copper (-20%), molybdenum (-42%), and silver (-18%). The negative effect was partially mitigated by the significant volume growth in the Mining Division, which achieved record copper production figures (7% more than in 2014), thanks to the start of operations of the Buenavista del Cobre expansions.

In this environment of low metal prices, we continue to strengthen our company so that it will be much more competitive in terms of costs, even as we retain a sound financial position that enables us to take advantage of what we believe will be a very positive copper market in the long term, and as we remain committed to continue with our aggressive expansion program and analyze any opportunities that may arise in the market.

Our history, experience, and track record have prepared us to face the industry's inherent cycles. This is why we invest prudently and with a long-term vision. A factor that marks Grupo México is the ongoing investment through the cycles. Capital investments in 2015 reached US\$1.69 billion, accruing over US\$10.30 billion invested over the last five years.

We are very pleased to say that in 2015, we began to reap the results of these great investments. In the Mining Division, we achieved a record production of 905,691 tons of copper, translating into 7% YOY



Double-stack container train on railway bypass, Laguna de Cuyutlan, Colima.

The Transportation Division

transported 77 million tons in 2015.



Panoramic view Concentrator Plant II in Buenavista del Cobre, Sonora.

We continue to develop our investment program worth US\$3.5 billion for the Buenavista mine,

which will enable us to increase copper production capacity by around 175%.

growth. Our current plan states an increase in production to 1,046,000 tons in 2016, implying 14% growth and a new record for the company. Between 2015 and 2016, the Mining Division will have increased its copper production by nearly 200,000 tons. Moreover, in 2016, we will have higher production of byproducts zinc and silver, which will increase by 41 and 19%, respectively.

On the other hand, we will again stand as the mining company with the lowest cash cost in the global industry. In the Transportation Division, we achieved a record EBITDA margin of 37%, thanks to the operating efficiencies obtained. Moreover, the Infrastructure Division's EBITDA reached US\$302 million, which translates into a 46% increase compared to the same period last year.

Nothing offers better proof of the results of our great investments, as well as of our commitment to value generation, than the startup of new operations and the execution of our strategic growth projects. In the Mining

Division, we are about to complete our ambitious US\$3.5 billion investment program at Buenavista del Cobre, where we have already invested US\$3 billion. The concentrator plant is operating at full capacity, after the first copper concentrate was obtained in September. Lastly, we expect a production of 460,000 tons of copper in 2016, and 500,000 tons in 2017. Thus, Buenavista will become the third largest copper mine in the world.

Likewise, we continue to make progress towards the completion of our other expansion projects, such as Toquepala. In April, the construction permit for the Toquepala expansion project was obtained after the Environmental Impact Study was approved. This study proves that we comply with the highest environmental standards set by the Peruvian Ministry of Energy and Mines, which consolidates us as a sustainable mining company.

Our Transportation Division continues with its trend of growth and operating efficiencies, achieving a record

EBITDA margin of 37%. In the automotive segment, we achieved a new all-time high transporting 1.8 million vehicles, once again standing as the largest automobile transporter in the country, moving roughly 70% of the production of the plants we serve. Moreover, in 2015, we became the leading railway in international traffic, with a 51% share of the railway traffic for exports to the US. In total terms, the Transportation Division moved 4.9% more tons per kilometer than last year.

The Infrastructure Division showed a very good operating performance in 2015, achieving record sales of US\$616 million, which translates into 10% growth vs. 2014. Throughout the year, the second combined cycle energy plant and the Veracruz modular plant became operational, and we completed the second stretch of the Salamanca-Leon highway. This resulted in 42% growth in operating profit and a 46% increase in EBITDA, both record figures compared to 2014. As for the Energy Division, we generated 2,962 gigawatts per hour (GWh); that is, 25% more than a year before—an increase that decidedly supports our commitment to sustainability and the environment.

A successful year, however, must be measured in ways that go beyond operating performance. Thus, at Grupo México, we bet on creating value in the environments where we are present. Thereby, we strive to achieve an ever more responsible operation in terms of social, economic, and environmental matters that will consider the expectations of our interest groups and aim for the sustainability of the organization in time, in order to keep contributing to the country's development. Through our investment program, we have managed to have a positive effect on the communities where we operate, and have also created new direct and indirect jobs: the Buenavista del Cobre project alone has generated over 10,000 new jobs in Sonora.

Year after year, Grupo México becomes a more competitive organization in every segment where it participates. In 2016, we will face a low metal price environment, but given the higher volumes achieved in the Mining and Transportation divisions, we remain optimistic and confident. Undoubtedly, the hard work and dedication of each of Grupo México's more than 30,000 employees contributed significantly to our progress in 2015, and they will continue to be a key factor in our achievements, both in 2016 and in future years.

We remain committed to ensure sustained growth, striving to increase our productivity and control costs, to always generate value for our investors.



**GERMÁN LARREA MOTA VELASCO**  
CHAIRMAN OF THE BOARD



Modular platform, Veracruz.

Record year in EBITDA in  
the Infrastructure Division,

which reached US\$303 million,  
45% higher than in 2014.

## OUTSTANDING DATA

		2012	2013	2014	2015	Real var. % 2015 / 2014
<b>Volumes sold*</b>						
Copper	(tons)	832,752	799,159	826,839	<b>903,259</b>	9
Zinc (tons)		93,392	99,127	91,387	<b>100,769</b>	10
Silver (thousand oz.)		18,375	16,429	14,554	<b>14,802</b>	2
Gold	(oz.)	63,127	51,058	59,498	<b>154,757</b>	160
Molybdenum (tons)		18,220	19,940	23,301	<b>23,233</b>	(0)

**Average price (dollars)**

Copper (COMEX)	(lb.)	3.61	3.34	3.12	<b>2.51</b>	(20)
Zinc (LME)	(lb.)	0.88	0.87	0.98	<b>0.88</b>	(10)
Silver (COMEX)	(oz.)	31.19	23.82	19.04	<b>15.68</b>	(18)
Gold (LF)	(oz.)	1,668.82	1,411.03	1,266.19	<b>1,160.11</b>	(8)
Molybdenum (MW DEALER OXIDE)	(lb.)	12.62	10.26	11.30	<b>6.59</b>	(42)

**Railway division statistics**

Ton-km net	(million tons)	51,344	51,054	51,704	<b>54,221</b>	5
Cars hauled	(thousand units)	1,107.4	1,114.2	1,164.4	<b>1,210.1</b>	4

**Balance**

	(million dollars)	2012	2013	2014	2015	
Current assets		6,359	5,341	4,332	<b>4,161</b>	(4)
Fixed assets		9,282	11,682	12,938	<b>13,622</b>	5
Total assets		19,559	20,209	20,651	<b>21,594</b>	5
Bank liabilities		5,584	5,811	5,913	<b>7,560</b>	28
Total liabilities		9,469	8,735	9,044	<b>10,493</b>	16
Total equity		10,090	11,474	11,607	<b>11,101</b>	(4)

**Results**

	(million dollars)	2012	2013	2014	2015	
Total sales		10,183	9,357	9,286	<b>8,179</b>	(12)
Cost of sales		5,004	5,061	5,095	<b>4,824</b>	(5)
Current taxes		1,356	966	954	<b>943</b>	(1)
EBITDA		5,006	4,147	3,833	<b>3,017</b>	(21)
Net profit		2,402	1,845	1,705	<b>866</b>	(49)

**Cash flow**

	(million dollars)	2012	2013	2014	2015	
Generated from operations		2,732	2,882	2,468	<b>1,829</b>	(26)
Dividends paid		(1,546)	(729)	(752)	<b>(548)</b>	(27)
Taxes paid		1,219	964	991	<b>921</b>	(7)
Applied to financial activities		1,712	(69)	(607)	<b>576</b>	195
Used for investments		(1,806)	(2,858)	(2,433)	<b>(1,689)</b>	(31)
Cash flow after investments and financial activities		1,054	(774)	(1,324)	<b>168</b>	113

**Figures per share\*\***

		2012	2013	2014	2015	Real var. % 2015 / 2014
Total shares outstanding	(thousands)	7,785,000	7,785,000	7,785,000	<b>7,785,000</b>	-
EBITDA per share		0.64	0.53	0.49	<b>0.39</b>	(21)
Cash flow per share		0.45	0.36	0.32	<b>0.23</b>	(26)
Earnings per share		0.31	0.24	0.22	<b>0.11</b>	(49)
Book value		1.07	1.21	1.26	<b>1.25</b>	(1)

**Financial ratios**

Operating margin		40%	35%	32%	<b>26%</b>	(21)
EBITDA margin		49%	44%	41%	<b>37%</b>	(10)
Current assets to Current liabilities	(times)	4.3	4.3	2.4	<b>3.0</b>	23
Total liabilities to total assets		47%	44%	44%	<b>49%</b>	11
Debt/total equity + debt		36%	34%	34%	<b>41%</b>	20
EBITDA/interest	(times)	16.46	12.29	10.84	<b>7.15</b>	(34)
Personnel employed		29,154	29,980	29,998	<b>30,271</b>	1

**Annual inflation**

Mexico		4%	4%	4%	<b>2%</b>	(50)
USA		2%	1%	1%	<b>1%</b>	-
Peru		3%	3%	3%	<b>4%</b>	33

**Exchange rate at each yearend**

Mexico	(pesos/dollar)	13.01	13.08	14.72	<b>17.21</b>	17
Peru	(soles/dollar)	2.55	2.80	2.99	<b>3.41</b>	14

**Average exchange rate**

Mexico	(pesos/dollar)	13.17	12.77	13.30	<b>15.85</b>	19
Peru	(soles/dollar)	2.64	2.70	2.84	<b>3.18</b>	12

Stated per US GAAP

\* Throughout the report, tons are metric and ounces are troy.

\*\* Regarding 7,785,000,000 shares.

# ANALYSIS AND DISCUSSION OF RESULTS

Construction of the environmental dome at Concentrator II in Buenavista del Cobre, Sonora.

In 2015, Grupo México maintained a solid balance sheet with a low leverage and a net debt to EBITDA ratio of 1.9x,

as well as a comfortable calendar of debt maturities.



Tamosura park in  
Cananea, Sonora.

Early in 2016, Grupo Mexico was chosen for the fifth consecutive time to be included in the Mexican Stock Exchange's Sustainable IPC Index.

This achievement was possible thanks to our actions derived from our commitment to the environment and the development of the communities where we operate.

## COPPER MARKET

During 2015, even though the mining industry's fundamentals remained solid, metal prices were affected mainly by the uncertainty surrounding China's growth. The prices of our main metals showed significant drops from the previous year: copper (-20%), molybdenum (-42%), zinc (-11%), silver (-18%) and gold (-8%).

We remain optimistic regarding copper's sound fundamentals, and believe that copper prices in the year were not due to said fundamentals, but to the weak macro-economic news (particularly in China), the drop in oil prices, and the strength of the US dollar.

Although the short-term price outlook has deteriorated due to the concerns regarding China's growth, the bal-

ance of supply and demand worldwide remains tight. Wood Mackenzie, one of the main firms specializing in the copper market, expects the excess supply on the market in 2016 to reach around 250 thousand tons. This is only 1.1% of the total annual copper demand in the world.

As for supply, we have seen announcements of production cuts of 600 thousand tons due to the low prices. We believe this figure could increase if prices remain low.

Thus, the copper market should report a deficit by 2018, given the lack of new copper projects, and a trend of lower mineral ore grades in the industry. The size of this global deficit should grow considerably in 2020, which would pressure copper prices upwards.

We have seen high volatility in copper prices. However, we remain confident in the positive long-term fundamentals, while we confront the reality of today's lower prices. In this low-price environment, we are strengthening our company so that it will be much more competitive in its cost structure.

### RELEVANT CONSOLIDATED FIGURES OF GRUPO MEXICO

Despite the low metal price environment, Grupo Mexico's consolidated sales only decreased 12% YOY, thanks to the higher production volumes in all our divisions, which has been a result of the significant capital investments made in past years.

The drop in sales due to the lower metal prices was partially mitigated by higher copper sales volumes, which were mainly driven by the start of operations of the Buenavista del Cobre expansions.

On the other hand, cost of sales decreased 5% YOY. Accrued cost of sales reached US\$4.76 billion, due to greater operating efficiencies in our various divisions.

Accrued EBITDA for 2015 was US\$3.01 billion. The Mining Division's EBITDA reached US\$2.03 billion, with a 34% margin, the Transportation Division's EBITDA reached a record US\$695 million with a 38% margin, and the Infrastructure Division achieved a record EBITDA of US\$303 million with a 49% margin.

Net consolidated debt totaled US\$1.05 billion, translating into a 38% decrease. This figure was lower than in the previous year as a result of the decrease in metal prices, mainly.



Capital investments  
worth over

US\$10.31 billion have been  
made in the last five years.

Production cuts of 600 thousand tons have been announced worldwide due to the low prices. We believe this figure could increase further if prices remain low.

## GRUPO MEXICO RELEVANT FIGURES

(million dollars)	January-December		Variation	
	2014	2015	US\$000	%
Sales	9,286	8,179	(1,107)	(12.0)
Cost of sales	5,095	4,824	(271)	(5.0)
Operating profit	3,008	2,102	(906)	(30.1)
EBITDA	3,833	3,017	(816)	(21.3)
<b>EBITDA margin(%)</b>	<b>41.3%</b>	<b>36.9%</b>		
Net profit	1,705	866	(839)	(49.2)
<b>Profit margin(%)</b>	<b>18.4%</b>	<b>10.6%</b>		
Investments / CAPEX	2,433,200	1,690,781	(742,419)	(30.5)
Employees	29,998	29,801	(197)	(0.7)

The drop in sales due to lower metal prices was somewhat mitigated by greater copper sales volumes, which resulted from the startup of the Buenavista expansions, mainly.

## SALES

Product	Volume in tons			Thousands of dollars		
	2014	2015	Var. %	2014	2015	Var. %
<b>Mining Division</b>						
Copper	826,839	903,259	9	\$ 5,732,855	\$ 4,940,009	(14)
Silver (thousand oz.)	14,554	14,802	2	273,211	227,553	(17)
Molybdenum	23,301	23,233	(0)	510,188	239,233	(53)
Zinc	91,387	100,769	10	209,756	210,702	0
Sulfuric acid	1,865,372	1,927,029	3	131,286	134,708	3
Gold (ounces)	59,498	154,757	160	73,819	177,958	141
Lead	22,301	19,130	(14)	46,094	34,358	(25)
Others				56,412	44,168	(22)
<b>Transportation division</b>	<b>1,164,438</b>	<b>1,210,057</b>	<b>4*</b>	1,973,994	1,854,878	(6)
<b>Infrastructure division</b>				278,738	315,322	13
<b>Total sales</b>				<b>\$ 9,286,353</b>	<b>\$ 8,178,888</b>	<b>(12)</b>

\*Cars hauled (units)

## CAPITAL INVESTMENTS

Grupo Mexico's capital investments program, carried out during 2015, totaled US\$1.69 billion. Thereby, the company has invested US\$10.31 billion in its various divisions over the last five years.

In the Mining Division, it invested US\$1.22 billion, totaling 72% of our annual budget. US\$748 million were devoted to our projects in Mexico, and US\$382 million to the projects in Peru. We should note that we have invested over US\$3 billion in the Buenavista del Cobre expansion program worth US\$3.5 billion, which translates into almost 90% progress.

In the Transportation Division, we invested a total of US\$378 million. This sum includes the purchase of locomotives and railcars, as well as infrastructure projects, which has contributed to improve our operating efficiency, and enables us to face the hike in hauled volumes.

In the Infrastructure Division, US\$89.6 million were invested. Among the investments, we should note the US\$60 million for new modular platform Tamaulipas. Furthermore, we invested US\$90.2 million in the Salamanca-Leon highway, recorded under other assets.

**During 2015, rating agencies Fitch and S&P confirmed Grupo Mexico's BBB+ and BBB ratings, respectively, with a stable outlook.**



**Buenavista expansion is completed.**

We have invested US\$3 billion out of the US\$3.5 billion expansion program, and the mine has achieved 100% copper production capacity.



**BVC engineers working on the expansion project, Sonora.**

The Company's financial strength enables it to be well positioned

to face the tough economic environment worldwide.

## CONSOLIDATED DEBT

Up to December 31, 2015, Grupo Mexico held a solid balance sheet with low leverage and a net debt to EBITDA ratio of 1.9x. 93% of the debt contracts are dollar-denominated, and 7% are peso-denominated; 90% of the debt has a fixed rate. Moreover, Grupo Mexico has a sound position with a comfortable calendar of debt maturities. It has no significant capital payments until 2035.

On April 24, 2015, Southern Copper Corporation announced that it completed a public bond offering for US\$2 billion of aggregate principal, consisting of US\$500 million in 3.875% bonds maturing in 2025,

and US\$1.5 billion in 5.875% bonds maturing in 2045. Thus, in an environment of low metal prices, we continue to strengthen our company so it will be much more competitive in terms of costs, even as it remains in a very comfortable financial situation.

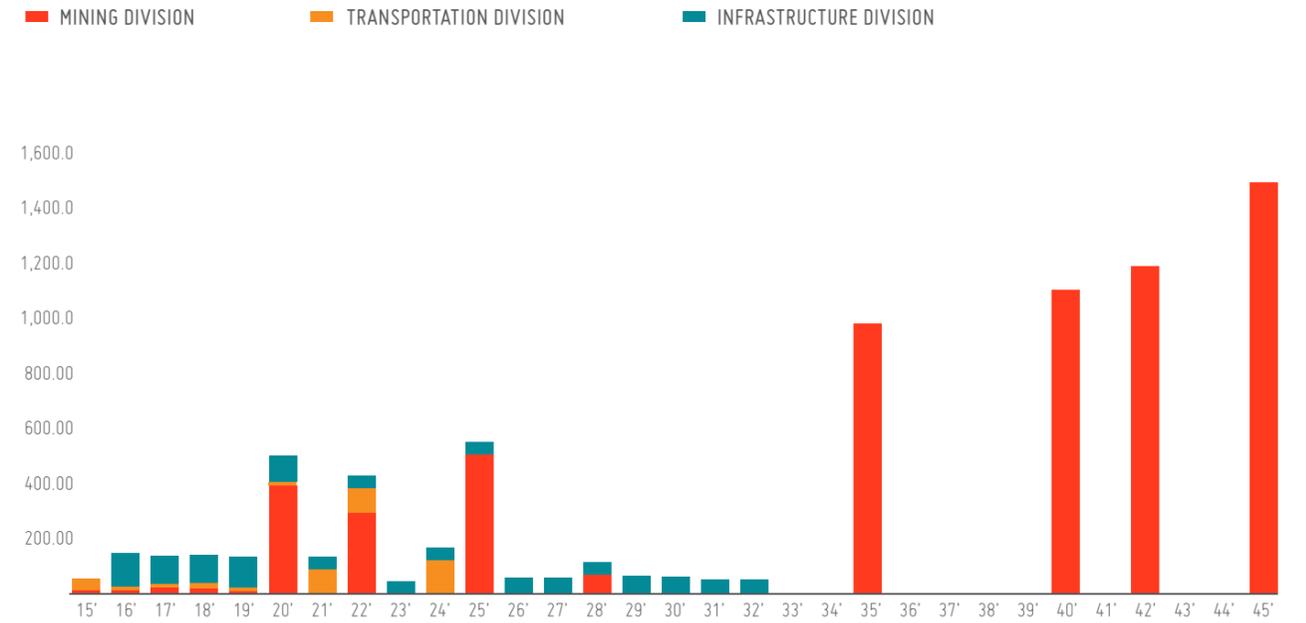
The company's financial soundness enables it to be well positioned to face the difficult economic environment that affects its various divisions, even as it maintains its commitment to continue with its aggressive expansion program, and to analyze possible opportunities that may arise in the market.

Shovel loading 400 ton truck at Buenavista del Cobre.

We have seen high volatility in copper prices.

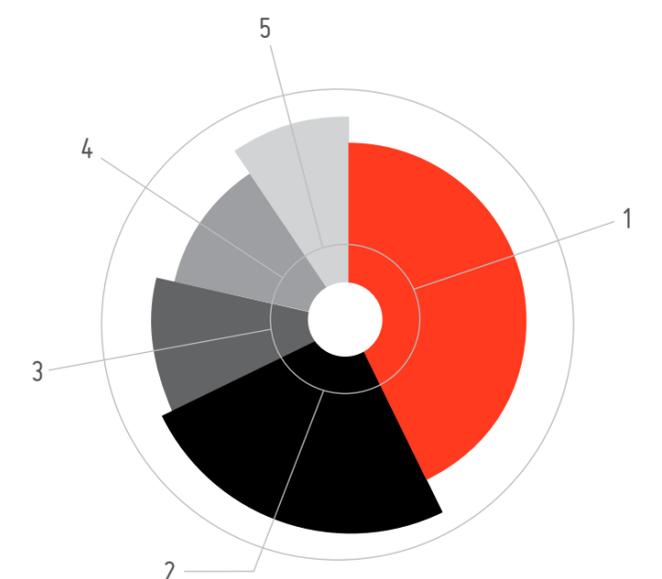
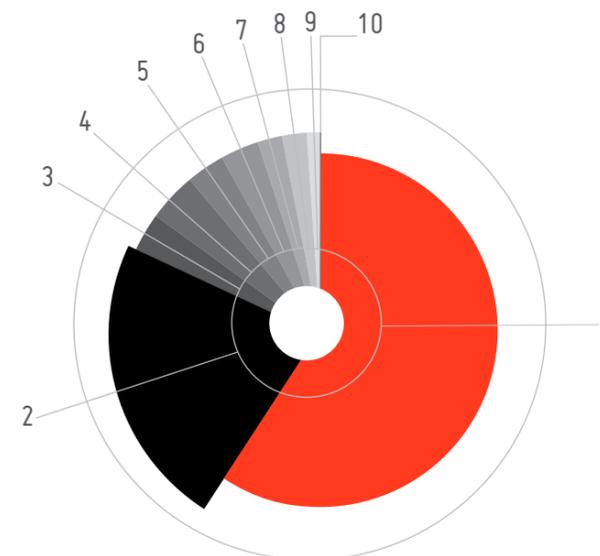
However, we remain confident in the positive long-term fundamentals, while we confront the reality of today's lower prices.

### DEBT MATURITIES



### PRODUCTS' SHARE OF SALES 2015-2014

1	Copper	60%	6	Zinc	3%	1	Mexico	45%
2	Transportation division	23%	7	Sulfuric acid	2%	2	USA	24%
3	Molybdenum	3%	8	Gold	2%	3	Latin America	10%
4	Infrastructure division	4%	9	Others	1%	4	Europe	12%
5	Silver	3%	10	Lead	0%	5	Asia	9%



Aerial view of La Caridad, in Sonora, Mexico.

On April 24, 2015, Southern Copper Corporation announced that it completed a public tender offer of bonds worth US\$2 billion.

This confirms the commitment to continue developing our strong expansion programs.



### TOTAL SALES

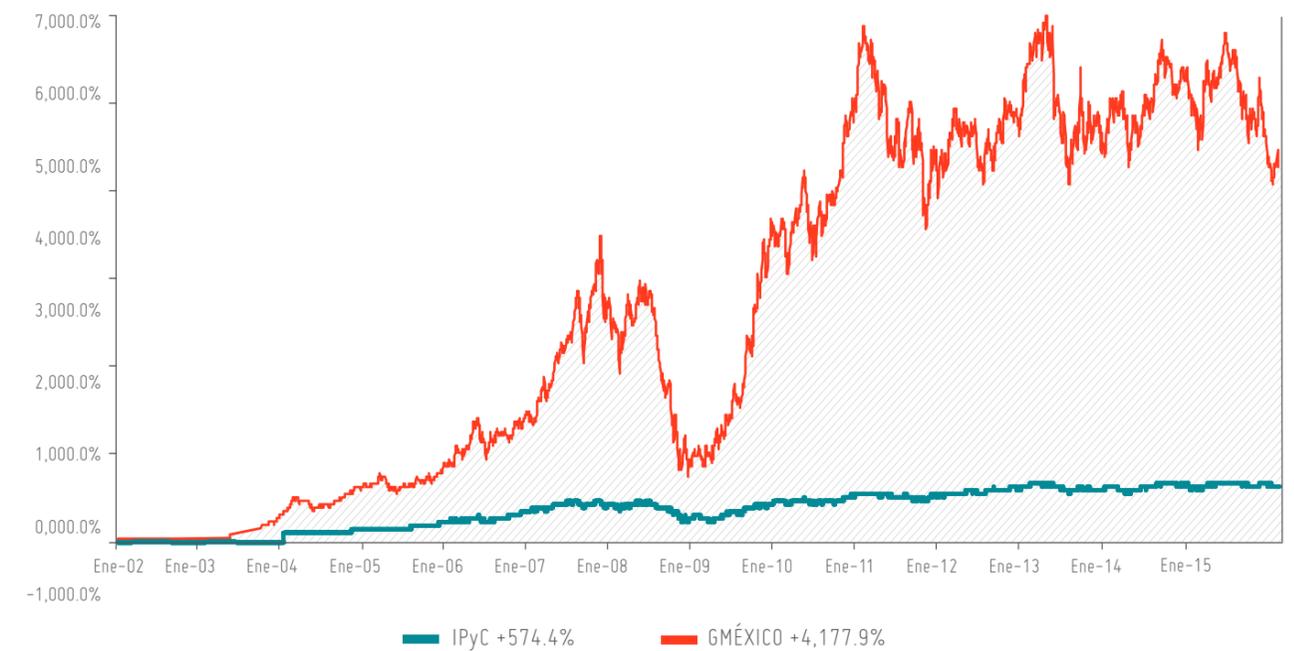
Million dollars



GMexico is the fourth largest company in terms of market cap in Mexico.

### PERFORMANCE OF GRUPO MEXICO'S STOCK

Grupo Mexico's shares rose 1.7% in 2015, affected by the decrease in metal prices. Grupo Mexico remains as one of the most important stocks on the Mexican Stock Exchange, and is the fourth largest company in terms of market cap, as well as the fifth stock in marketability, and it represents 5.8% of the IPC.





Panoramic view of progress on construction at Buenavista del Cobre, Sonora, Mexico.

During 2015, we completed our expansion plan in Buenavista, placing it as the third largest copper mine in the world.

We expect copper production to reach 460,000 tons in 2016 and 500,000 tons in 2017 from Buenavista.

GMexico has a sound balance sheet with low leverage and a net debt to EBITDA ratio of 1.9x.

	Moody's	Standard & Poor's	Fitch Ratings
<b>Grupo Mexico</b>			
International rating	-	BBB	BBB+
<b>Americas Mining Corporation</b>			
International rating	-	BBB	BBB+
<b>Southern Copper Corporation</b>			
International rating	Baa2	BBB	BBB+
Issuer rating	Baa2	BBB	BBB+
<b>Minera México</b>			
International rating	Baa2	BBB	BBB+
Covered bank bond	Baa2	BBB	BBB+
<b>México Generadora de Energía</b>			
International rating	Baa2	BBB	-
Issuer rating	Baa2	BBB	-
<b>Ferromex</b>			
Local long-term rating	-	MXAA+	AA+(Mex)

## CREDIT PROFILE

During 2015, rating agencies Fitch and S&P confirmed Grupo Mexico's BBB+ and BBB ratings, respectively, with a stable outlook.

The rating agencies highlighted the company's low-cost structure, as well as its solid balance sheet with low leverage levels. Other positives were the geographic diversification, its positioning as the fourth copper producer in the world, its vertical integration and long-lasting reserves, and the assets of its Infrastructure Division and the additional cash flows that will be created by the start of production of the Buenavista del Cobre expansion.

### GRUPO MEXICO IS PART OF THE SUSTAINABLE IPC INDEX

Grupo Mexico is very proud to continue to be part of the sustainability index of the Mexican Stock Exchange (BMV), which proves that the company remains firm to its commitment of social responsibility, environmental sustainability, and corporate governance.

Early in 2016, Grupo Mexico was chosen for the fifth consecutive time to be in the BMV's Sustainable IPC Index. This achievement was possible thanks to our actions derived from our commitment to the environment and to the development of the communities where we operate.

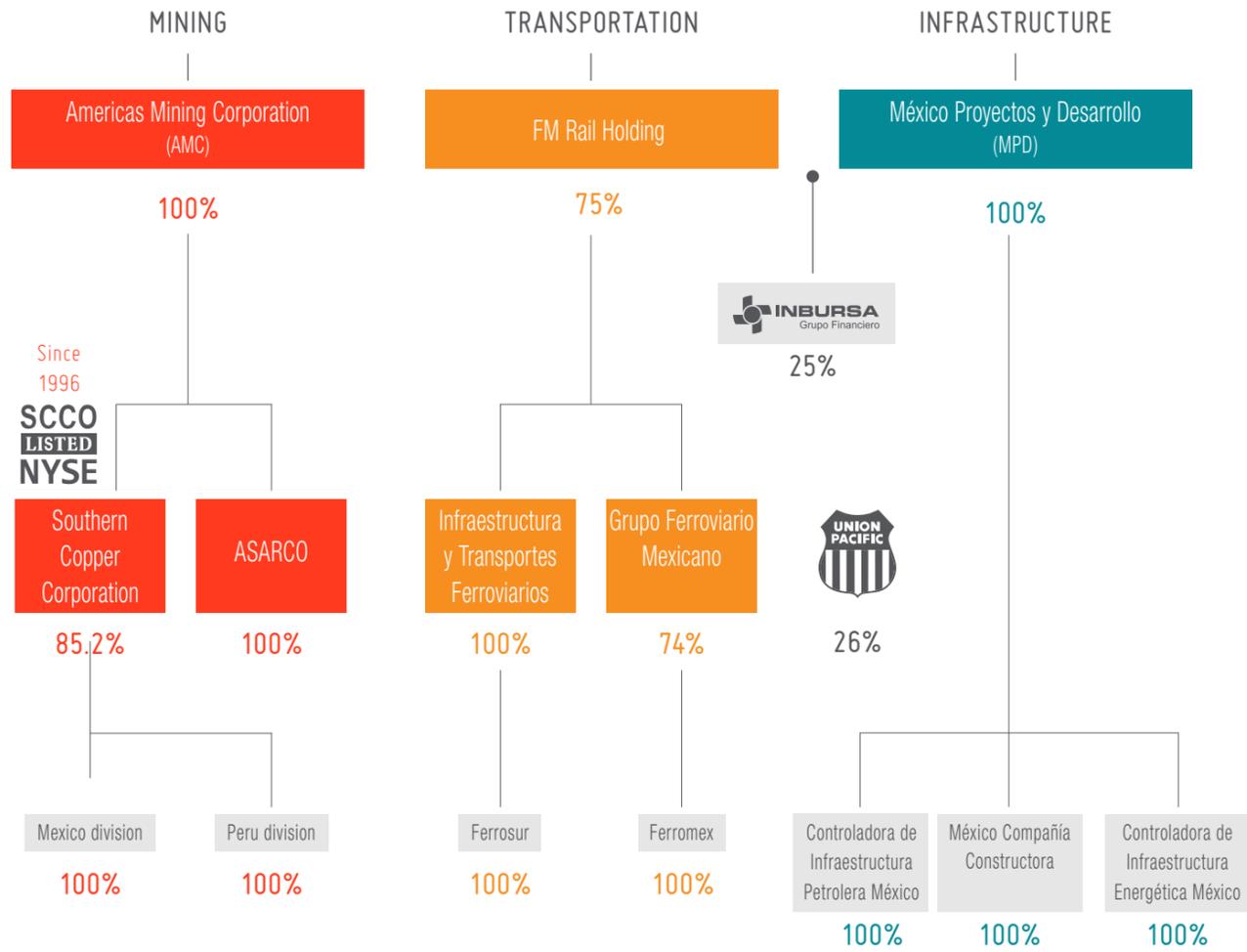
With this, we reiterate our sustainability commitment, as we are convinced that only through responsible management can we ensure our business' long-term growth and success.

To integrate the Sustainable IPC Index, the Anahuac del Sur University, as a rating agent, analyzes the issuers on the BMV by applying strict assessment criteria in terms of sustainability. The sample for 2016 comprises 30 issuers, whose performance is noteworthy in terms of environmental management, social responsibility, and corporate governance.

CORPORATE STRUCTURE



G MEXICO'S SHARES HAVE BEEN LISTED SINCE 1966.



Among the world's largest producers of copper, molybdenum, silver, and zinc. With the largest copper reserves in the world.

The largest transportation Company in Mexico.

80 years of experience in infrastructure and construction projects.



Mine engineer  
at Buena vista del Cobre  
we have over 29,000 employees.

# MINING DIVISION

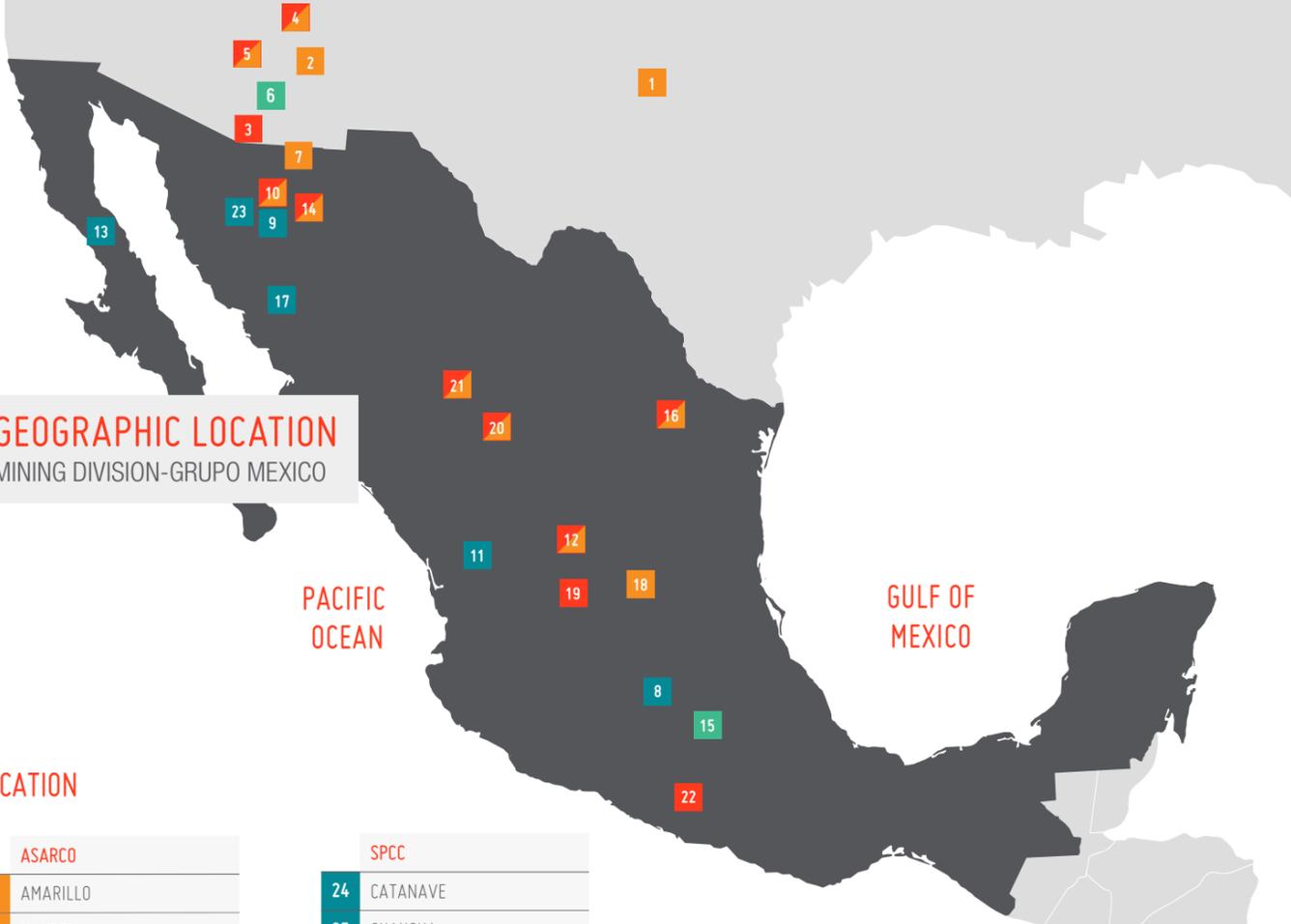
The storage capacity of the environmental Dome is 300 thousand tons of mineral, BVC, Sonora.

In 2015, Buenavista's copper production increased by 26% compared to 2014 production.

This is a new record for the Mining division, with a production of 905,691 tons.

## GEOGRAPHIC LOCATION

MINING DIVISION-GRUPO MEXICO



## LOCATION

ASARCO	
1	AMARILLO
2	HAYDEN
3	MISSION
4	RAY
5	SILVER BELL
6	TUCSON

SPCC	
24	CATANAVE
25	CHAUCHA
26	CUAJONE
27	ILO
28	LIMA
29	LOS CHANCAS
30	TANTAHUATAY
31	TÍA MARÍA
32	TOQUEPALA

MINERA MÉXICO	
7	AGUA PRIETA
8	ANGANGUEO
9	BUENAVISTA ZINC
10	BUENAVISTA DEL COBRE
11	CHALCHUIITES
12	CHARCAS
13	EL ARCO
14	LA CARIDAD
15	MÉXICO, CDMX
16	NUEVA ROSITA
17	PILARES
18	SAN LUIS POTOSÍ
19	SAN MARTÍN
20	SANTA BÁRBARA
21	SANTA EULALIA
22	TAXCO
23	EL PILAR

AMC	
32	AZNALCOLLAR, ESPAÑA

## SYMBOL KEY

1	MINES
2	PLANTS
3	OFFICES
4	FUTURE MINING PROJECTS

## MINERA MEXICO

- MINES**
- MEXICANA DE COBRE**  
La Caridad, Sonora  
Copper Molybdenum, Gold and Silver
  - BUENAVISTA DEL COBRE**  
Cananea, Sonora  
Copper Molybdenum, Gold and Silver
  - INDUSTRIAL MINERA MÉXICO**  
Charcas, San Luis Potosí  
Silver, Copper, Lead, and Zinc  
San Martín, Zacatecas  
Silver, Lead, Zinc, and Copper  
Santa Eulalia, Chihuahua  
Silver, Lead, and Zinc  
Santa Bárbara, Chihuahua  
Gold, Silver, Copper, Lead, and Zinc  
Taxco, Guerrero  
Gold, Silver, Lead, and Zinc  
Nueva Rosita, Coahuila  
Coal and coke

- SMELTERS, REFINERIES, AND OTHER PLANTS**
- MEXICANA DE COBRE**  
La Caridad, Sonora  
Copper smelter  
Electrolytic copper refinery  
Coper electrowinning plant  
Sulfuric acid plant  
Rod plant  
Precious metals plant  
Selenium and Tellurium  
Agua Prieta, Sonora  
Lime plant
  - BUENAVISTA DEL COBRE**  
Cananea, Sonora  
Copper electrowinning plant
  - INDUSTRIAL MINERA MÉXICO**  
San Luis Potosí, San Luis Potosí  
Sulfuric acid plant  
Electrolytic Refinery of Zinc, Cadmium  
Nueva Rosita, Coahuila  
Washing and coker plant

## SPCC

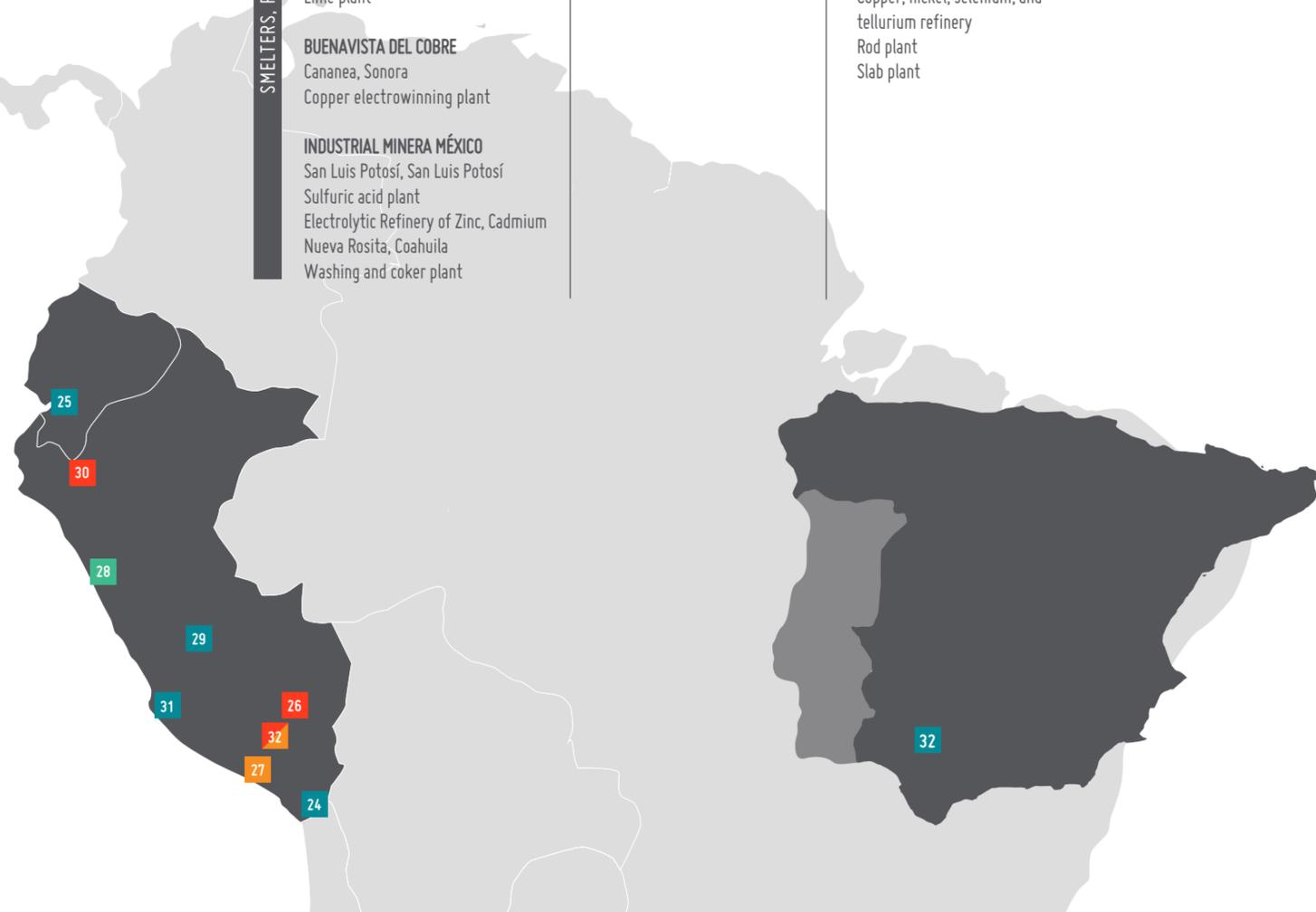
- CUAJONE**  
Copper Silver, Molybdenum and Gold
- TOQUEPALA**  
Copper Silver, Molybdenum and Gold
- ILO**  
Copper smelter  
Sulfuric acid plant  
Electrolytic copper refinery  
Precious metals plant
- TOQUEPALA**  
Copper electrowinning plant

## ASARCO

- MISSION, ARIZONA**  
Gold, Silver, Copper and Molybdenum
- SILVER BELL, ARIZONA**  
Copper
- RAY, ARIZONA**  
Gold, Silver and Copper

## AMC

- AZNALCOLLAR, ESPAÑA**  
Polymetallic project  
Zinc, Copper, Lead



## RELEVANT FIGURES AND BYPRODUCTS

### RELEVANT FIGURES FOR AMERICAS MINING CORPORATION (AMC)

Grupo Mexico's Mining Division is represented by its subsidiary AMC, whose main subsidiaries in Mexico and Peru are Southern Copper Corporation (SCC), and ASARCO in the US.

These companies have the largest copper reserves in the world; they are leaders in low-cost production, and are ranked fourth in copper production worldwide.

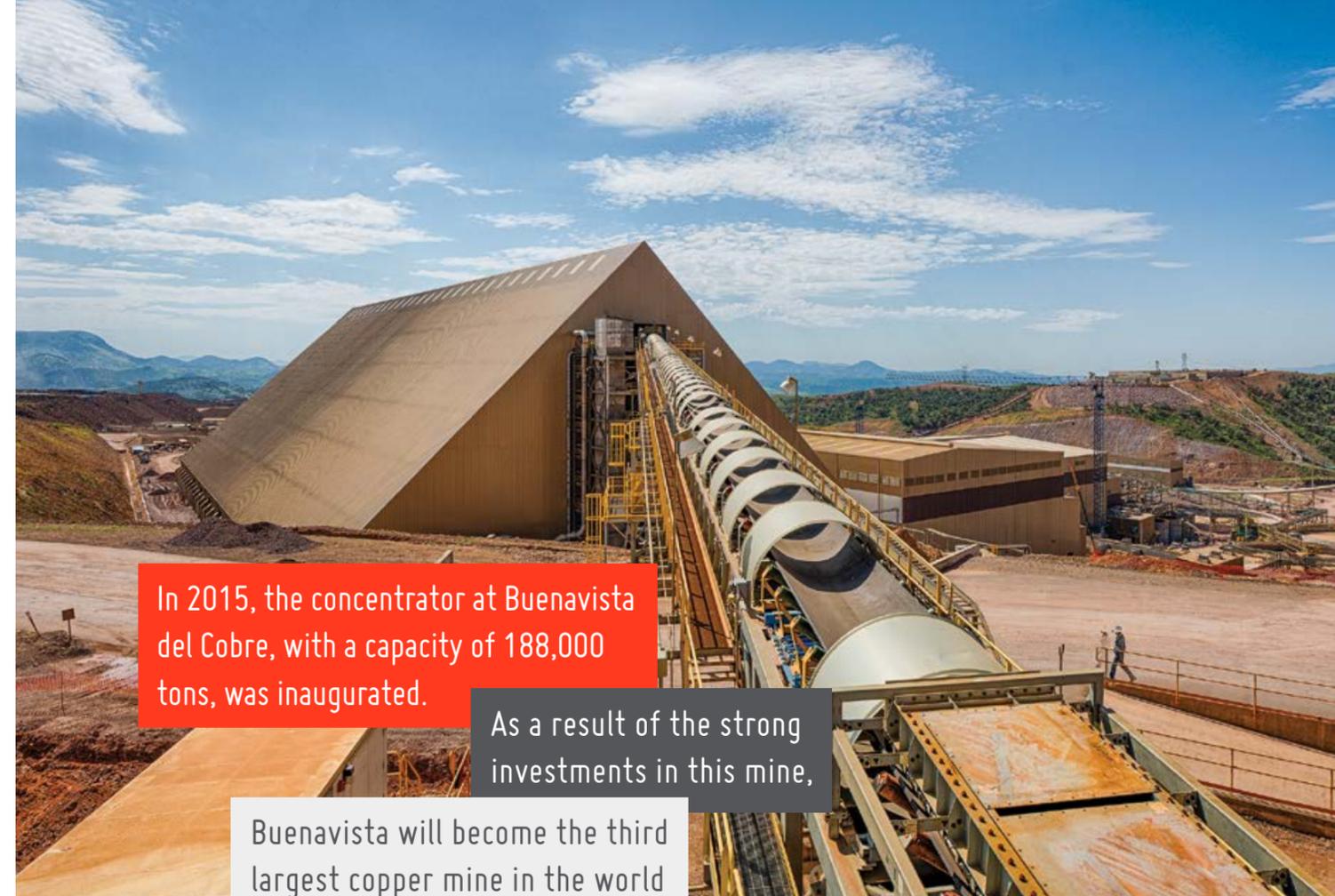
SCC trades on the New York and Lima stock exchanges (Ticker: SCCO).

AMC has 14 mines, as well as exploration projects in Mexico, Peru, the US, Chile, Ecuador, and Argentina.

The Mining Division's sales in 2015 totaled US\$7.03 billion, notwithstanding the sharp drop in metal prices: copper (-20%), silver (-20%) and gold (-10%). Cost of sales remained in line year over year, despite the 7% increase in production.

EBITDA reached US\$2.03 billion, equivalent to 34% of sales, which translates into a decrease from the previous year, given the effects of lower metal prices. Net profit decreased to US\$605 million.

**We have consolidated again as the world leader in production costs. according to Wood Mackenzie, Grupo México is the production leader with a cost of 1.28 per pound of copper.**



In 2015, the concentrator at Buenavista del Cobre, with a capacity of 188,000 tons, was inaugurated.

As a result of the strong investments in this mine,

Buenavista will become the third largest copper mine in the world in terms of production.

### AMERICAS MINING CORPORATION ("AMC")

	January-December		Variation	
	2014	2015	US\$000	%
(thousands of dollars)				
Sales	7,033,621	6,008,688	(1,024,933)	(14.6)
Cost of sales	3,845,049	3,779,648	(65,401)	(1.7)
Operating profit	2,319,770	1,384,454	(935,317)	(40.3)
<b>EBITDA</b>	2,941,236	2,030,156	(911,080)	(31.0)
<b>EBITDA margin</b>	<b>41.8%</b>	<b>33.8%</b>		
Net profit	1,327,838	604,757	(723,081)	(54.5)
<b>Profit margin (%)</b>	<b>18.9%</b>	<b>10.1%</b>		
Investments / CAPEX	1,661,813	1,223,405	(438,408)	(26.4)

In the next few years, we expect

a reduction in cash cost  
from US\$1.28 to US\$1.10

as a result of the  
Investment Program.

Copper is the third most used metal in the world, and an important element for infrastructure and world growth.

## COPPER

Copper is the third most used metal worldwide, and an important component for infrastructure and growth worldwide. It has exceptional chemical and physical properties, as well as high electric conductivity, corrosion resistance, and excellent malleability and ductility, which enable it to be an optimal material for applications in industries related to electric energy, telecoms, computers, cell phones, construction, transportation, and industrial machinery. Copper is also a very important material for non-electrical applications, such as plumbing and roofing, and when alloyed with tin, it forms bronze and other consumer products. Likewise, it is used to manufacture fungicides and various chemical products.

### PRODUCTION

Copper production in 2015 increased 7% vs. 2014 (equivalent to 58,304 tons), reaching a new record high of 905,691 tons. This was attributable to greater production at Buenavista del Cobre, given the start of operations of the new SX/EW III plant (2014) and the new concentrator, with a capacity of 188,000 tons of copper concentrates. The first copper concentrate was obtained in September, and thanks to the good initial results, a gradual increase in production was possible, until the plant was able to reach its full capacity in early 2016.

With these two projects, we expect a copper production of 460,000 tons in 2016 and 500,000 in 2017. These estimates allow us to appreciate the results of the strong

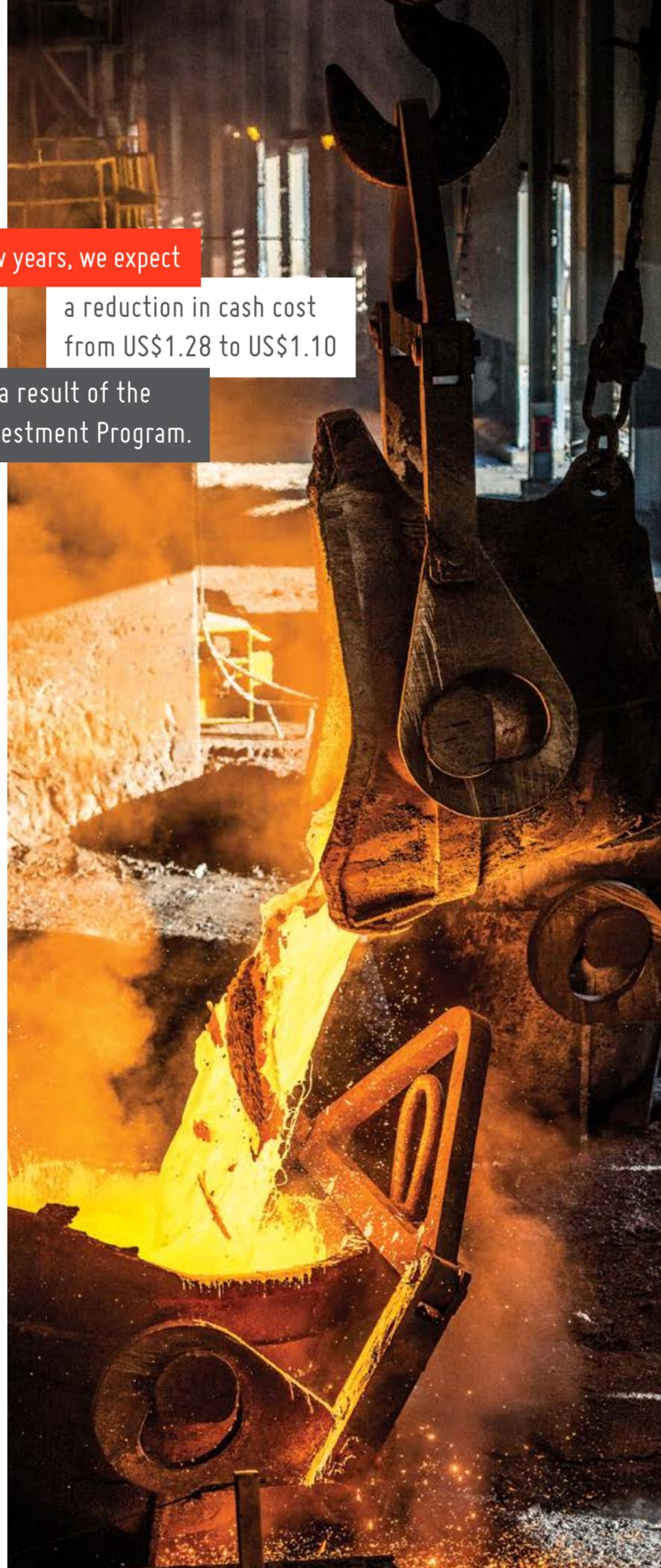
investments made in the last few years, which have set Buenavista as the third largest copper mine worldwide in terms of production, as well as continuing to improve our cost structure.

### CASH COST

In 2015, operating cash cost per pound of copper, excluding byproducts, was US\$1.73, below the US\$1.98 accrued in 2014 (-13%). This reduction was mainly due to lower fuel and electric energy costs, as well as greater low-cost production from the Buenavista expansions. Operating cash cost per pound of copper, net of byproducts, was US\$1.28 vs. US\$1.33 in the same period a year earlier, despite the sharp drop in the prices of byproducts molybdenum (-42%) and silver (-18%).

Once again, we stand as world leaders in production costs. In 2015, according to Wood Mackenzie, Southern Copper Corporation was the leader in low-cost production, followed by Americas Mining Corporation.

In future, we expect a more significant reduction in our costs, thanks to the start of operations of the concentrator at Buenavista and our expansion in Toquepala, as well as to the shutdown of Hayden, whose cash cost is currently US\$2.28 per pound of copper. This will result in a decrease in our operating cash cost per pound of copper, net of byproducts, from US\$1.28 to US\$1.10.



## PRIMARY MINING COPPER

(Concentrates plus SX/EWs)

Thousand tons ■ SX/EW ■ CONCENTRATORS



For 2016, our current plan points to an increase of copper production to 1,046,000 tons, which implies 14% growth and a new record for the Company.

## SMELTER COPPER

(thousand tons)



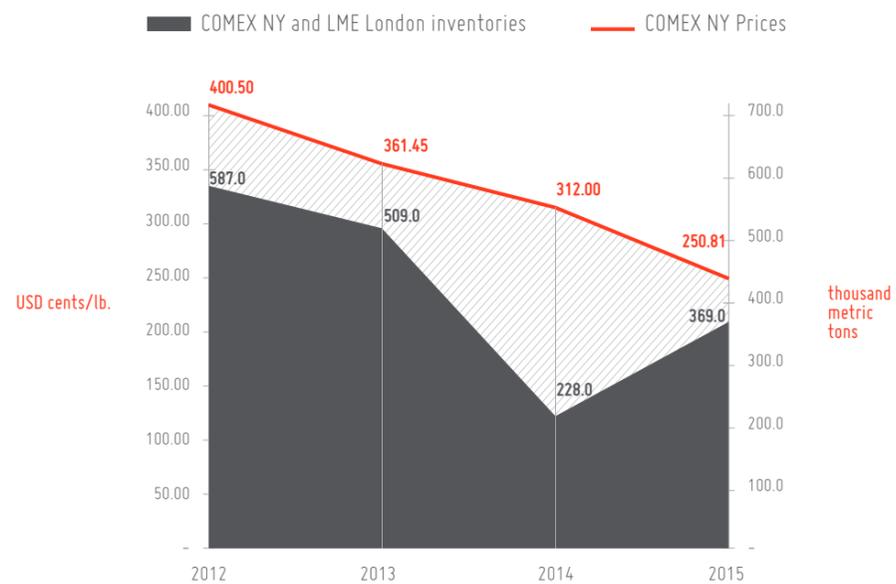
## REFINED COPPER

(Refinery plus SX/EW)

Thousand tons ■ SX/EW ■ REFINERIES



## COPPER PRICES AND INVENTORIES



## PRIMARY MINING PRODUCTION AND COPPER RESERVES YEAR 2015

	Processed Mineral	Copper Content	Mineral Reserves	Copper Content	Mineral Reserves Grade	Years of Operation
	Thousand Tons		Thousand Tons		%	
<b>Mexico</b>						
Concentrator:						
La caridad	34,468	103.9	3,495.2	7.83	0.22	101
Buenavista del Cobre	33,141	162.0	4,096.4	19.01	0.46	124
Underground mines	2,631	5.6	43.9	0.22	0.50	4 a 16
Subtotal	<b>70,240</b>	<b>271.5</b>	<b>7,635.5</b>	<b>27.06</b>		
<b>SX/EWs</b>						
La Caridad	32,758	27.2	608.6	1.12	0.18	19
Buenavista del Cobre	150,546	122.6	3,277.6	5.64	0.17	22
Subtotal	<b>183,304</b>	<b>149.8</b>	<b>3,886.2</b>	<b>6.76</b>		
<b>Peru</b>						
Concentrator:						
Toquepala	20,272	119.4	2,266.0	12.33	0.54	112
Cuajone	31,093	178.2	2,074.6	10.35	0.50	67
Subtotal	<b>51,365</b>	<b>297.6</b>	<b>4,340.6</b>	<b>22.68</b>		
<b>SXEWS*</b>						
Toquepala	54,440	24.2	1,824.3	3.27	0.18	34
Cuajone	-	-	4.4	0.03	0.61	-
Subtotal	<b>54,440</b>	<b>24.2</b>	<b>1,828.7</b>	<b>3.30</b>		
<b>USA</b>						
Concentrator:						
Mission	17,742	68.3	313.4	1.23	0.39	18
Ray	13,621	47.1	483.2	2.43	0.50	35
Subtotal	<b>31,363</b>	<b>115.4</b>	<b>796.6</b>	<b>3.66</b>		
<b>SX/EWs</b>						
Ray	16,861	28.0	374.1	0.77	0.21	22
Silver Bell	10,463	19.3	194.5	0.55	0.28	19
Subtotal	<b>27,324</b>	<b>47.3</b>	<b>568.6</b>	<b>1.32</b>		
Concentrator total	152,968	684.5	12,772.7	53.40		
SX/EW total	265,068	221.3	6,283.5	11.38		
<b>Grand total</b>	<b>418,036</b>	<b>905.8</b>	<b>19,056.2</b>	<b>64.78</b>		

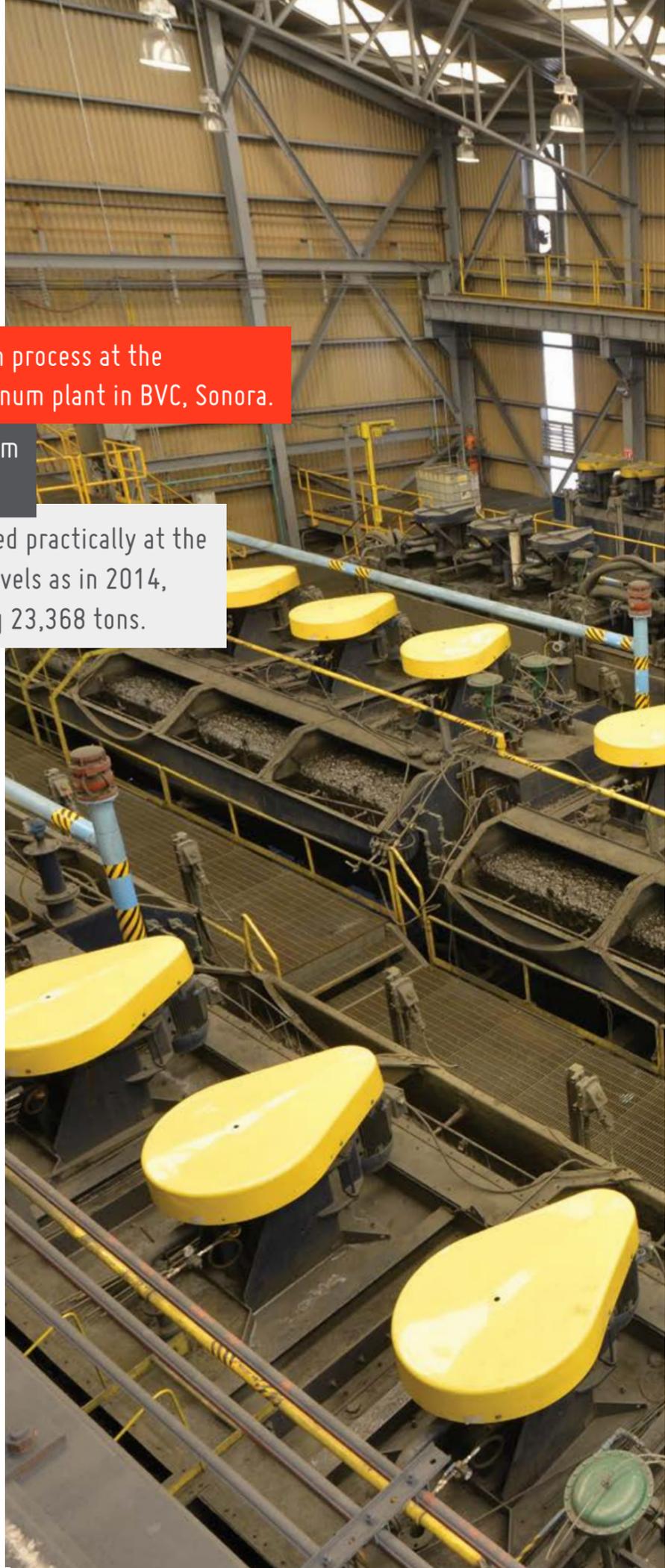
\* Solutions with leached copper from Cuajone are sent to the Toquepala SX/EW plant.

\*\*Reserves are valued at \$2.90 dollars per pound of copper

Flotation process at the molybdenum plant in BVC, Sonora.

At AMC, molybdenum production in 2015

remained practically at the same levels as in 2014, totaling 23,368 tons.



For the future, we expect a greater reduction in our costs mainly driven by the start of operation of our expansion projects. We expect that this will result in a reduction in our operating cash cost per pound of copper, net of by-products, from US \$1.28 to US \$1.10.

## BYPRODUCTS

### MOLYBDENUM

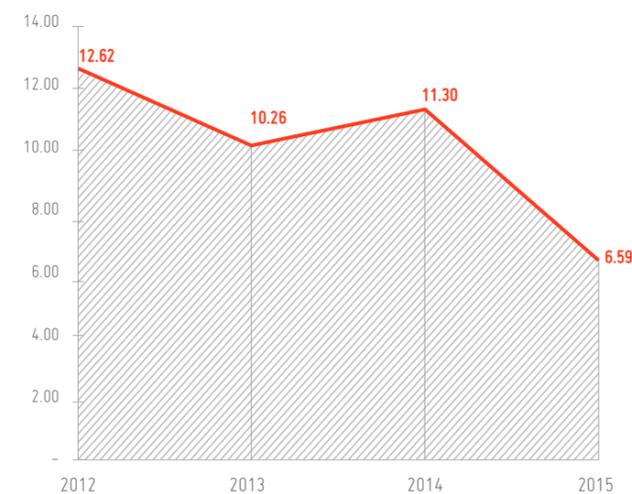
Molybdenum is mainly used to manufacture stainless and special steels, as a catalyst in the oil & gas industry, and also in fertilizers, dyes, enamels, reagents, and lubricants. Its most remarkable property is that it adds hardness and corrosion resistance to alloys.

The average price of molybdenum in 2015 was US\$6.59/lb., equivalent to a 42% decline vs. 2014, due to oversupply on the market and a complex situation in the steel industry—the main molybdenum consumer.

Molybdenum production in 2015 remained practically flat vs. 2014, reaching 23,368 tons.

### MOLYBDENUM PRICES

— MW Dealer Oxide prices



### PRIMARY MINED MOLYBDENUM

(thousand tons)





Aerial view of Concentrator II

in Buenavista del Cobre,

Sonora, Mexico.

## ZINC

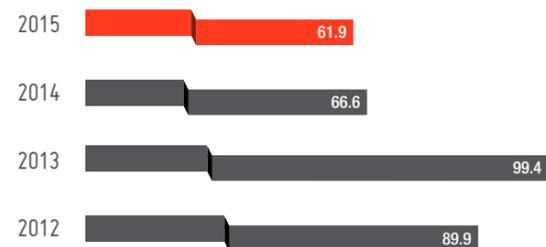
Zinc is used in a wide range of applications. Its high position in the galvanic chart provides excellent resistance to atmospheric corrosion; thus, its main use is galvanization. Given its low melting point, malleability, and high resistance, it is greatly used in pressure casting, as well as brass. It is also the base to obtain zinc oxide, used to manufacture tires, paint, and cattle fodder, among other products.

In 2015, prices averaged US\$88/lb., which translated into an 11% drop vs. 2014. The price decline was due to a decrease in investor confidence regarding the growth of the global economy, and the concerns regarding China's growth.

Zinc production decreased 7% in 2015; that is, to 61,905 tons vs. the 66,614 tons from 2014. This decrease was due to production stoppages at the Santa Eulalia mine, which has been completely solved.

### PRIMARY MINED ZINC

(thousand tons)



### REFINED ZINC

(thousand tons)

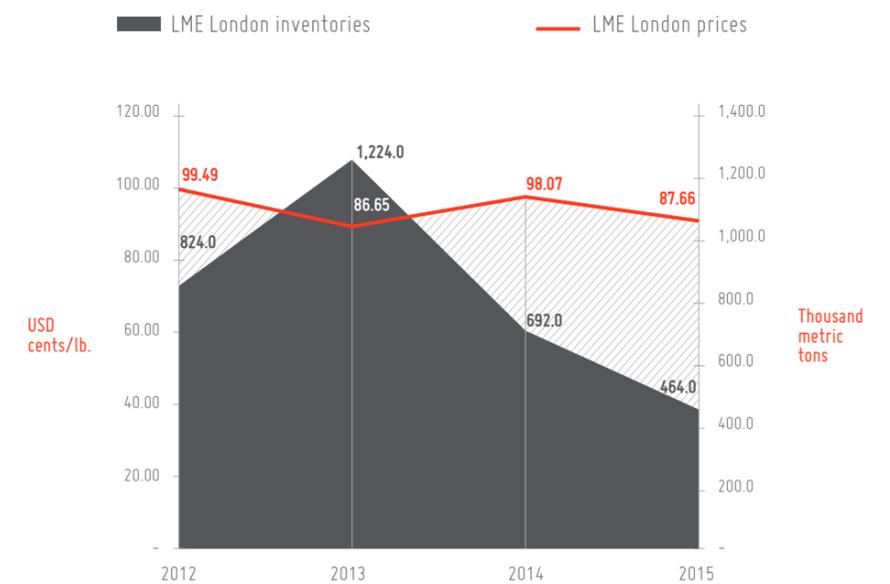


Mexico's Mining Chamber (Camimex) awarded the Silver Helmet, a Jorge Rangel Zamorano Trophy, to Mexicana del Cobre's and Buenavista del Cobre's SX/EW plants as they reported the lowest incident rate in the industry, as well as for their efforts in accident prevention.

### ZINC PRODUCTION IN REFINERY

Refineries	Thousand tons
Mexico	
San Luis Potosi	100.6

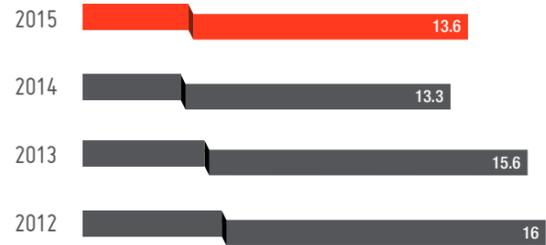
### ZINC PRICES AND INVENTORIES



Zinc production in 2015 decreased 7% to 61,905 tons vs. 66,614 tons in 2014. This decrease resulted from the production interruptions due to floods at the Santa Eulalia mine, which has been completely solved.

## REFINED SILVER

(Million ounces)



## PRIMARY MINED SILVER

(Million ounces)



## PRECIOUS METALS

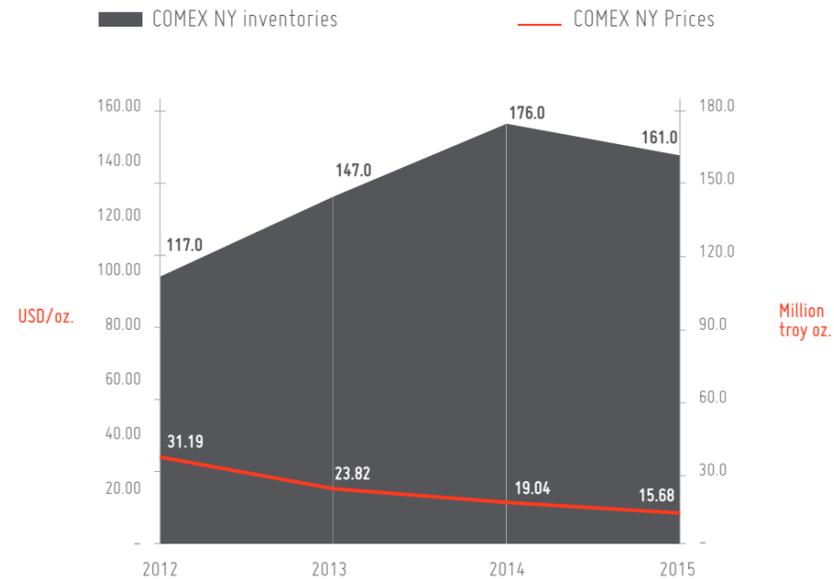
### SILVER

Silver is used to manufacture electric, electronic, and photographic products and, to a lesser extent, in braze alloys, jewelry, minting of coins, menaces, and catalysts.

The average price of silver in 2015 was US\$15.08/oz.; that is, 18% less than in 2014 (US\$18.04/oz.). Just as with gold, silver prices reported high volatility, decreasing to price levels reported back in 2009 and 2010.

Accrued silver production rose 3% to 14,913 oz., compared to the accrued figure of 2014, explained by higher production at Buenavista del Cobre (17%) and Toquepala (12%).

## SILVER PRICES AND INVENTORIES



The Precious Metals plant is part of the La Caridad smelting complex, in the state of Sonora.

It began operations in May 1999.



### PRIMARY MINED GOLD

(Thousand ounces)



Gold production in 2015 increased 12% to 40,994 ounces, thanks to greater production in Buenavista del Cobre (32%). Sales volumes rose 160% given the purchase of gold doré.

### GOLD

The performance of gold prices showed greater volatility in 2015, and a downward trend as a result of the strong dollar and the improvement in stock markets. Throughout the year, average gold prices suffered an 8% decrease vs. 2014, going from US\$1,266/oz. to US\$1,160/oz.

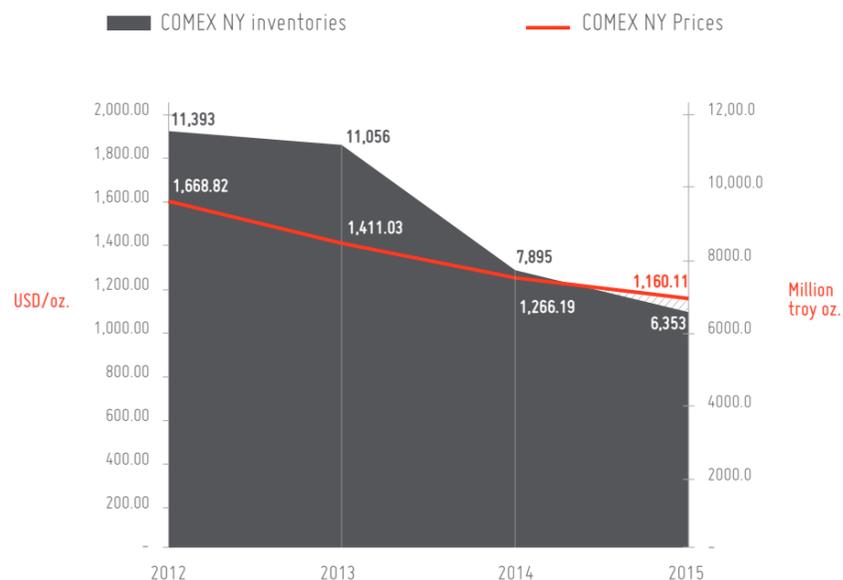
Accrued gold production increased 12% to 40,994 ounces, given a higher production at Buenavista del Cobre (32%). Sales volumes rose 160% given the purchase of gold doré.

### REFINED GOLD

(Million ounces)



### GOLD PRICES AND INVENTORIES



### SUMMARY OF MINING PRODUCTION\*

#### Distribution 2015

Tons	2015	2014	2013	2012	2011
Copper Concentrates	2,770,966	2,653,044	2,529,015	2,603,914	2,369,759
Copper Content in Concentrates	684,430	655,576	625,105	650,846	591,329
SX/EW Copper Concentrates (Cathodic)	221,261	191,812	167,364	175,362	181,233
Total Copper Content of the Mine	905,691	847,388	792,469	826,208	772,562
Copper Content of Smelter	721,610	705,187	669,240	703,301	712,015
Copper Content of Refinery	619,163	605,197	586,207	578,366	593,026
Refined Copper (Refineries + SX/EWs)	840,424	797,009	753,571	753,728	774,259
Refined Copper Transformed into rod	286,635	280,996	276,326	289,865	282,492
Refined Copper Transformed into slab	16,210	11,345	11,494	6,911	10,747
Zinc Concentrates	115,031	123,955	185,254	166,952	151,493
Zinc Content in Concentrates	61,905	66,614	99,372	89,884	83,807
Refinery Zinc	100,576	92,133	97,692	93,542	90,869
Lead Concentrates	32,769	36,105	40,077	35,345	34,719
Lead Content in Concentrates	20,693	22,286	23,918	19,978	18,817
Gold Content in Concentrates (ounces)	40,995	36,593	35,544	43,959	36,111
Refinery Gold	155,180	59,332	51,718	64,076	62,038
Silver Content in Concentrates (ounces)	14,912,611	14,542,464	14,933,798	15,034,604	14,480,800
Refinery Silver	13,637,723	13,348,048	15,572,552	15,974,465	15,848,904
Molybdenum Content in Concentrates	23,368	23,290	19,897	18,297	18,570
Coal	248,527	276,082	291,505	325,308	238,504
Coke	97,544	96,086	93,214	91,263	84,428
Sulfuric Acid	2,703,588	2,650,031	2,365,051	2,539,794	2,538,040
Cadmium	637	607	584	622	628
Lime	251,928	165,698	133,568	136,970	130,862

\* Figures in metric tons unless otherwise stated.

## PROJECTS AND INVESTMENTS

### BUENAVISTA DEL COBRE

We continue with the development of our investment program worth US\$3.5 billion for the Buenavista mine, which will enable us to increase copper production capacity by roughly 175%.

The project of the new concentrator has a capacity of 188,000 annual tons of copper content, and a molybdenum plant with a capacity of 2,600 tons. The project will also produce 2.3 million oz. of silver per year, as well as 21,000 oz. of gold per year. It has a total budget of US\$1.38 billion and, at December 31, 2015, we had invested US\$1.16 billion, reporting 99% progress. The plant is in the testing and start-up stage with all 6 mills already in operation. The average tonnage crushed in January was 80,000 tons per day, with days when it surpassed 100,000. The balance of water and pulp is under review to stabilize the plant and take it to full design capacity.

The production of copper concentrate from September 2015 to January 2016 was 99,500 tons.

The operation of the concentrator plant will require the construction and operation of a new tailings deposit which, in a few years, will also receive the waste from the current concentrator.

This dam will be built in several stages. At the end of its life (40 years), it will have a total storage capacity of 1,700 million m<sup>3</sup>. To this effect, a levee must be constructed, with an estimated materials volume of over 150 million m<sup>3</sup>, and it will have a crest length of 7 kilometers. The development of the first stage with capacity for three years of operation has begun. The budget for this stage is US\$81 million. By December

**The project for the new concentrator at Buenavista has a capacity of 188,000 annual tons of copper content and a molybdenum plant with capacity for 2,600 tons. The project will also produce 2.3 million ounces of silver and 21,000 ounces of gold annually.**

**Environmental dome at the Toquepala expansion project in Peru.**

On April 14, 2015, the construction permit for the Toquepala expansion project was obtained.

Once the expansion is completed, annual copper production capacity will increase by 100,000 tons, and molybdenum by 3,100 tons.



Ball mill at Concentrator II,  
in Buenavista del Cobre, Sonora.

For 2016, the Management  
Board approved an investment  
of US\$1.63 billion

in the Mining Division to  
continue the expansions.

31, 2015, US\$69 million had been invested, translating into 74% progress.

Given that the concentrator has begun operations, the dam has also already started to receive tailings. The levee received 7,000,000 m<sup>3</sup> of material. Construction of the dam for recovered water was completed.

The project for the Quebalix IV system for crushing, conveying, and spreading of leachable ore will increase production, improving and advancing copper recovery during leaching, as well as reducing transportation costs. It has an annual capacity of 80 million tons. The budget for the project is US\$340 million, and by December 31, 2015, US\$209.3 million had been invested, translating into 87.3% progress. Setup of the transfer towers and the conveyor belt tables has begun. The main west substation is completed and ready to be energized. The mechanical completion of the radial stacker will be in April 2016. This project should begin operating in the second half of 2016

The remaining projects to complement the investment program include the necessary infrastructure to operate the new plants. Among the most important infrastructure projects are a new area of auxiliary and administrative services, a new electrical system (substations and powerlines), a new area of mine services, aqueducts, and roads, among others. This set of projects has a total budget of US\$249.6 million and, at December 31, 2015, we had invested US\$212.2 million, reporting 87% progress.

### TOQUEPALA

On April 14, 2015, the construction permit for the Toquepala expansion project was obtained after the Environmental Impact Study was approved. This study proves that we comply with the highest environmental standards set by the Peruvian Ministry of Energy and Mines, which consolidates us as a sustainable mining company.

The work of removing soil has begun, as has the process of placing purchase orders for the main equipment. Once the expansion is completed, annual copper production capacity will increase by 100,000 tons, going from 135,000 tons in 2015 to 235,000 tons in 2018. Molybdenum production will also increase by 3,100 tons. The estimated capital investment is US\$1.2 billion.

### TÍA MARÍA

On August 4, 2014, we obtained approval for the Environmental Impact Study of Tia Maria, but the issuance of the building permit has been delayed by the Peruvian government, given certain pressures from anti-mining groups.

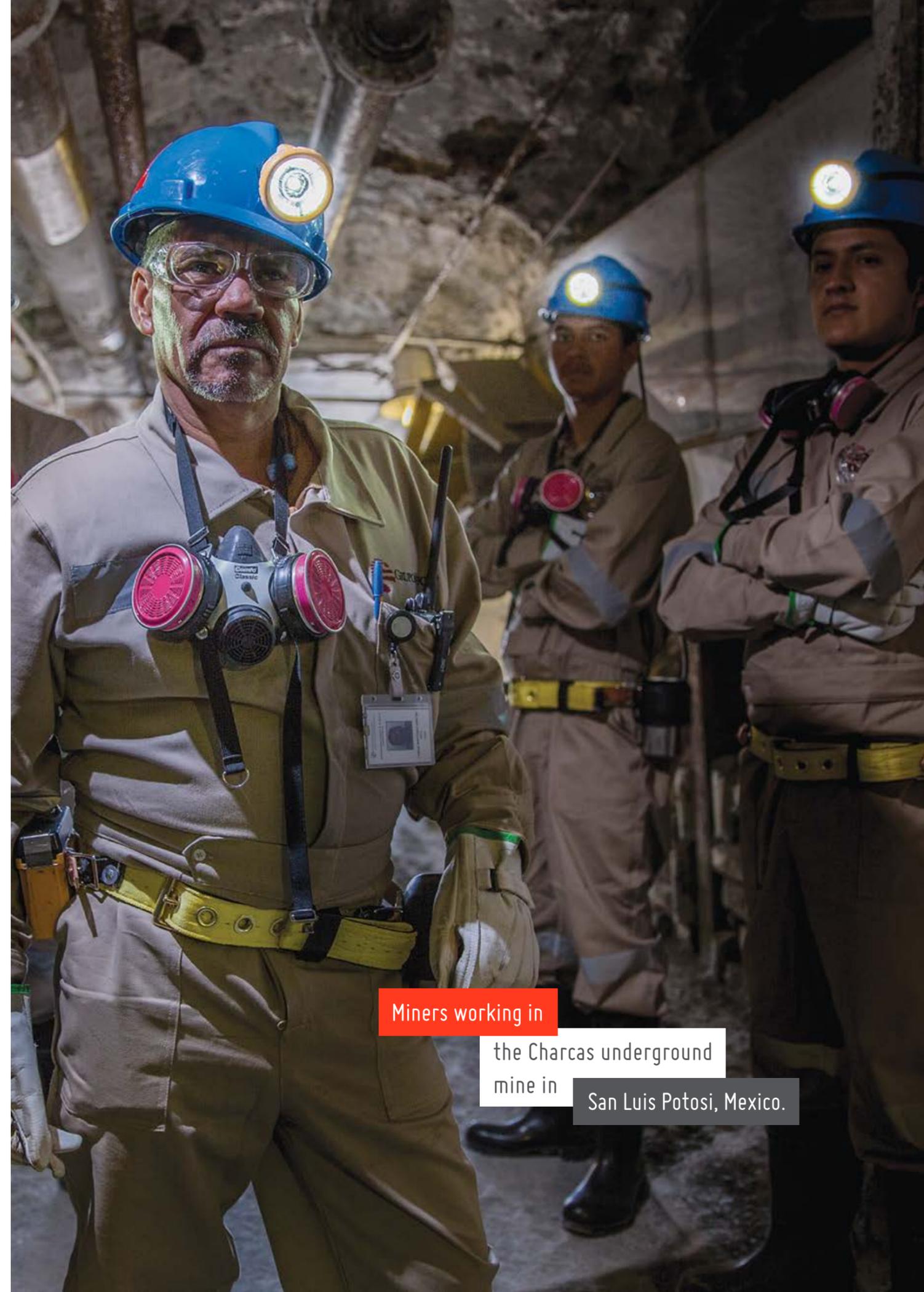
In response to the above, the company has established a multifaceted plan to explain the benefits of the project, and in May 2015, a national media campaign was set in motion. The purpose of this campaign is to explain the relevant environmental issues of the project, as the anti-mining groups have mistakenly confused the community regarding the source of the water for the project, as well as regarding the alleged emissions into the atmosphere. We should also note that the project will use

SX/EW technology, which meets the highest international environmental standards and is the most environmentally friendly as, thanks to its technical process, no emissions are released into the atmosphere. Moreover, the project will use seawater 100%, which will be transported across over 25 kilometers to an altitude of 1,000 meters above sea level. As has been done so far, the company guarantees that the water resources of the Tambo River, as well as of the wells in the area, will be used exclusively for agriculture and human consumption.

### AZNALCÓLLAR

In November 2015, the Government of Andalusia issued the definitive ruling awarding the Aznalcollar mine (Seville, Spain) to Grupo Mexico, in the conclusion to the international public bidding process held.

The Aznalcollar mining project represents Grupo Mexico's first inroads into Europe, and offers the potential of doubling the company's current zinc production. The resolution of the Regional Government of Andalusia led to the granting of the exploration permit and the concession to exploit mining resources on behalf of our Spanish subsidiary (Minera Los Frailes), the transfer of facilities and land related to the Aznalcollar mining area, and the start of all necessary paperwork to reinstate the activity. Grupo Mexico expects to begin the exploration campaign towards the end of 1Q16. The project's estimated investment totals €300 million over the next four years.



Miners working in  
the Charcas underground  
mine in  
San Luis Potosi, Mexico.



Panoramic view of La Caridad, Sonora, Mexico.

We continue with an intense Schedule of exploration and drilling development programs at our existing mines and we are carrying out exploration works

to identify new mineral deposits in other locations in Mexico, Peru, the US, Spain, Chile, Argentina, and Ecuador.

## EXPLORATIONS

We continue with an intense exploration program and the development of drilling programs at our existing mines. We are also carrying out exploration works to find new deposits of minerals in other locations of Mexico, Peru, the US, Chile, Argentina, and Ecuador. We currently hold direct control over 125,877 hectares of mining rights in Peru, and 160,454 hectares in Mexico. We also hold 58,795 hectares of exploration concessions in Argentina, 27,686 hectares in Chile, and 2,544 hectares in Ecuador. We assess new projects based on our long-term corporate goals, the expected return on the investment, the environmental aspects, the investment required, and the estimated production, among other matters. We are continuously reviewing and adjusting all our investment plans to be able to respond quickly to changes in the economy or in market conditions. The following are some of our most important exploration projects:

### MEXICO

#### **La caridad**

We drilled 11,290 meters to characterize the Bella Union gap, which is 1.2 kilometers to the southwest of the Caridad pit. We estimate around 65 million tons, with an average copper ore grade of 0.33%. The ore body is continuous so, in order to set its bounds, we will continue the exploration throughout 2016.

#### **El arco**

We began the 20,400 meter drilling program, with which we estimate 45 million tons of mineral in the south of the deposit, at a depth of 315 to 600 meters, and with contents of 0.52% of copper, 0.16 gr./ton of gold, 1.20 gr./ton of silver, and 0.0062% of molybdenum.

#### **Unidad Charcas**

A geophysical study of resistivity and induced potential was performed throughout the area surrounding the unit, which yielded 18 priority drilling objectives.

We continued the drilling program in various areas. In the Las Eulalias area, 867.3 meters were drilled, and we located 28 thousand tons of mineral with contents of 224 gr./ton of silver, 0.32% of lead, 0.12% of copper, and 1.7% of zinc. In the Santa Rosa area, 6,210 meters were drilled, and we located 600 thousand tons of mineral with contents of 119 gr./ton of silver, 0.53% of lead, 0.36% of copper, and 2.89% of zinc. In the south area of San Bartolo, 7,128.5 meters were drilled with contents of 176 gr./ton of silver, 0.65% of lead, 0.2% of copper, and 1.76% of zinc. In the Santa Rosa-San Sebastian area, 18,261.9 meters were drilled, and we determined 430 thousand tons of mineral with contents of 92 gr./ton of silver, 0.22% of lead, 0.47% of copper, and 3.42% of zinc.

#### **Unidad Santa Bárbara**

We developed a drilling plan of 5,977.4 meters in various structures: In the Nonriega vein we found a quartz structure with brecciated tranches and low sulfur values;

in the Santa Elena vein we found no mineral; and in the La Gloria we found a narrow quasi-brecciated structure with low values of silver and sulfurs.

#### **Santa Eulalia**

A detailed geological study covering 800 hectares of the Middle Field area was carried out, which managed to identify three areas as priority exploration targets. It is necessary to continue with the exploration using geophysical methods to be able to determine possible drilling targets.

#### **Chalchihuites**

The drilling program was suspended until we complete the acquisition of surface lands required for the project. With the results from the prefeasibility study, we reached the conclusion that new metallurgical tests are required. Given the metallurgical complexity of the deposit, we are assessing the use of bulk floatation, leaching at atmospheric pressure, and ensuing extraction of Cu, Zn, Pb, and Ag with solvents.



Panoramic view of the open pit at the Toquepala mine in Peru.

In the last 10 years, we have invested over US\$555 million

in exploration to increase our reserves, which led to the US\$1.47 billion investment program.

### Buenavista Zinc

The information from the drilling is being analyzed to create a mineralization model, as well as an electric geophysical study for the characterization of the ore body.

We are developing a representative sample for the metallurgical testing, and to be able to define the wet process (floatation). We determined the drying process, with the assistance of Mountain State, consisting in a selective floatation, bulk floatation, and separation of Cu-Zn, which will enable the generation of a concentrate with the necessary conditions for processing at the Zinc Refinery in San Luis Potosi, through the atmospheric leaching process.

### Angangueo

The 8,000 meter drilling plan was started, where three drills intersected the Descubridora vein with contents of 0.06 ppb of gold, 422 gr/ton of silver, 1.57% of copper, 0.61% of zinc, and 3.09% of iron. The drilling plan will conclude early in 2016.

### Malpica

Se concluyeron pruebas metalúrgicas para obtener un concentrado de cobre con contenidos importantes de oro, incluyendo 60 millones de toneladas de reservas con 0.5% de cobre y 0.4 gramos de oro por tonelada. Se barrenaron 15,000 metros. Este proyecto se encuentra en Sinaloa, a una distancia aproximada de 30 kilómetros de Mazatlán.

## PERU

### Los Chancas

This project is located in the department of Apurimac, in southern Peru. It is a copper and molybdenum porphyry deposit. In 2014, the feasibility study was carried out, and we expect to begin an environmental impact study in 2016. Current estimates show 545 million tons of mineralized material, with a content of 0.59% of copper, 0.04% of molybdenum, and 0.039 gr/ton of gold, as well as 181 million tons of leachable mineralized material with a total copper content of 0.357%.

### Ilo East Project

It is located in the Ilo Province, in the Moquegua region, in southern Peru. This project was assessed with diamond drilling, to a total depth of 5,300 meters. The results showed a deposit of copper mineralization of around 300 million of copper oxide minerals as an inferred resource, with an ore grade between 0.11 and 0.13% of OxCu. We have chosen to abandon the project, as it is not viable for our company.

### Ilo North Prospect

It is found in the Moquegua Province, in the region of Moquegua. During 2015, 8,700 meters were drilled with diamond drilling, in search of a copper-iron porphyry; the results showed small irregular horizons in extension and depth, with values of 0.4 to 0.8% of CuT. We proceeded to abandon the project as it was of no interest to our goals.

**CHILE**

**Catanave**

It is classed as an epithermal gold and silver system. Between 2011 and 2013, diamond drilling programs were carried out. The results show evidence of low grade mineralization. We have decided to leave this project on standby.

**Iglesia**

Deposit of copper and gold in mantos and filonian structures, located in the Antofagasta Region, 17 km. from Chañaral. A diamond drilling program was started in the last quarter of 2014 and ended in the second quarter of 2015. A total of 6,540 meters were drilled, instead of the 5,000 meters programmed. The values show a small resource of gold, of around 150,000 to 200,000 ounces of gold (a small sum for the interests of our corporation).

**El Salado (Montonero)**

Prospect located in the Atacama Region, in northern Chile, which is being drilled for copper and gold deposits. The conceptual study performed in 2014 shows a deposit with measured and indicated resources of 15 million tons of copper ore, with a Cu grade of 1.57%, 0.25 grams of gold, and a potential of similar inferred resources. During 2015, we drilled 6,500 meters in addition to the diamond drilling, to define the geometry of the deposit and better reclassify the ore resource.

**Tulipán**

Copper and gold prospect located in the Atacama Region. The goal is to determine the mineralization continuity of the nearby project El Salado towards this area. 4,000 meters of diamond drillings were performed in 2015, resulting in values of 0.8 to 1% of copper and 0.2 grams of gold in filonian structures. We will continue to evaluate this area.

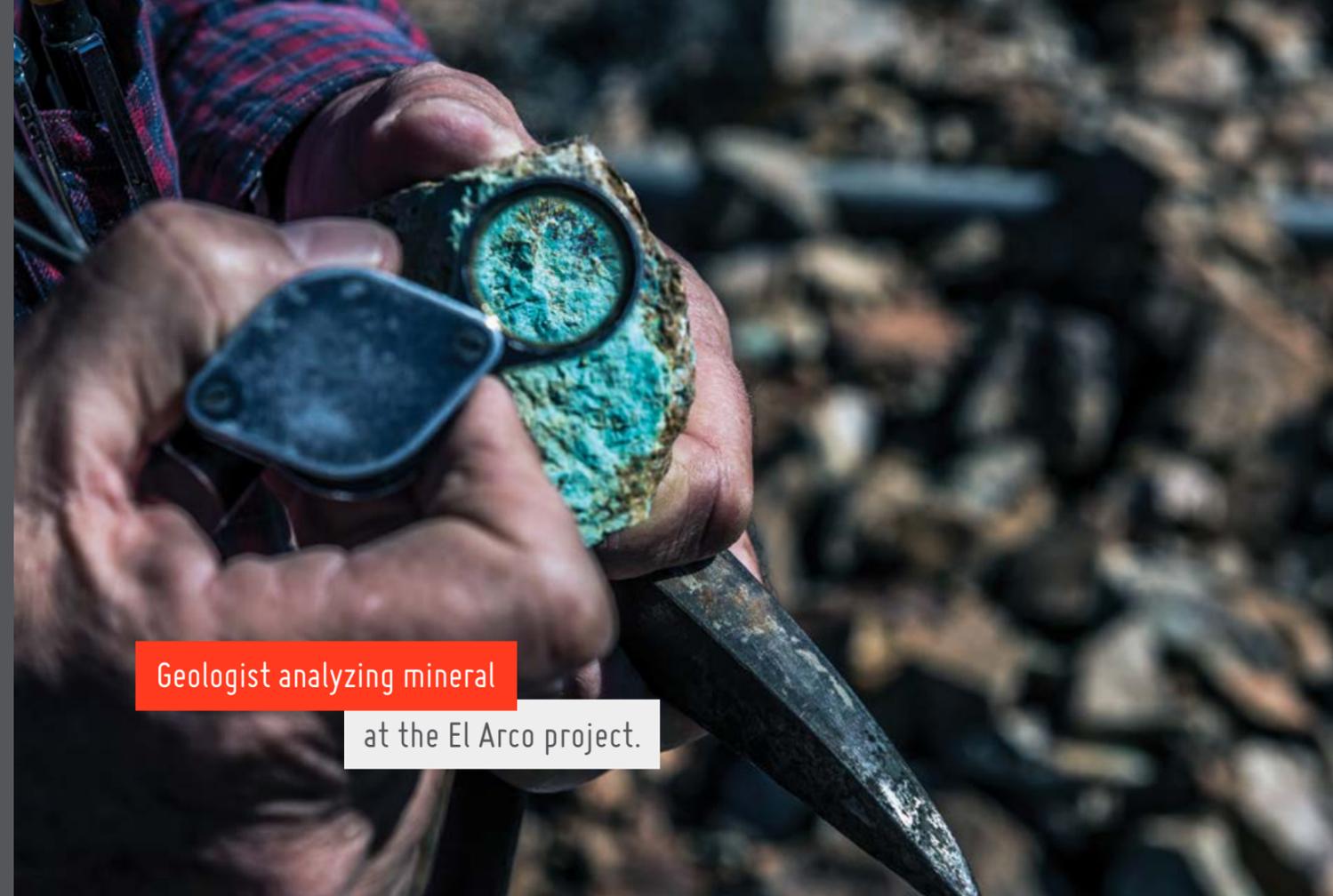
**ECUADOR**

**Chaucha**

Mineralization is typical of a copper and molybdenum porphyry system. In 2015, we drilled 21,000 meters. So far, we have estimated a deposit of 500 million tons of copper ore, with a grade of 0.40% of Cu and of 0.0270% of Mo in the inferred resources. The drilling program for this year considers 30,000 meters to define the model and reclassify the mineral.

**ARGENTINA**

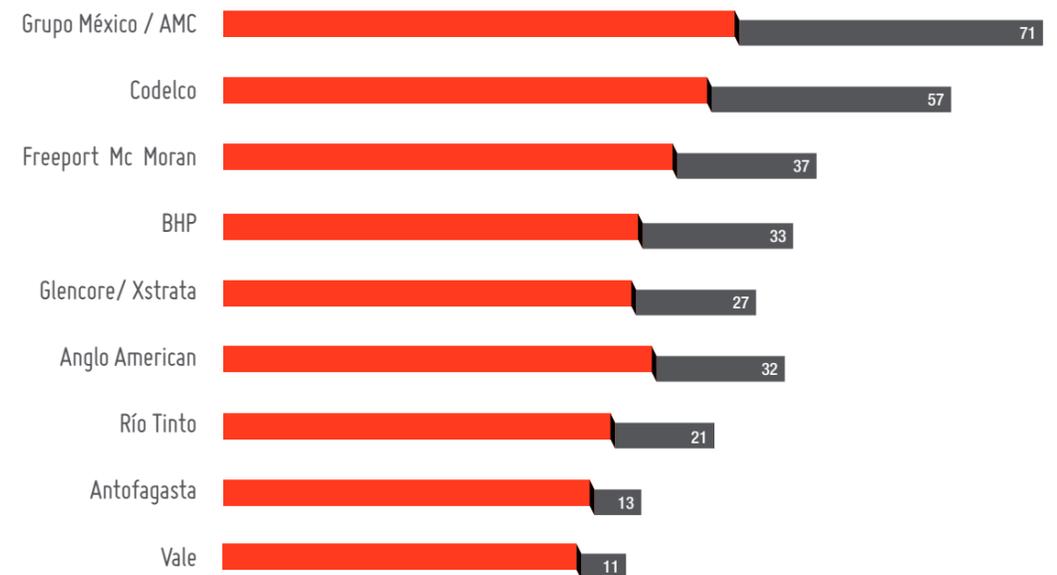
In 2015, we continued to explore the provinces of Salta, Neuquén, Río Negro, and San Juan, to determine porphyry systems of copper and molybdenum, and epithermal gold-copper systems. We have identified the Voluntad area in the Rio Negro province, where 3,000 meters of diamond drilling will be carried out to determine the existence of a copper and molybdenum porphyry.



Geologist analyzing mineral at the El Arco project.

**COPPER RESERVES BY COMPANY**

Million tons



## OCCUPATIONAL HEALTH AND SAFETY

### MINING DIVISION

For Grupo Mexico, caring for the lives, health, and well-being of our collaborators and their families is the number one priority in all our operations. No task is more important than this.

Our main commitment is to create optimal and safe work environments for our collaborators, applying the highest occupational health and safety standards. Our goal: ZERO accidents.

The Mining Division's Integrated System of Labor Health and Safety Management allows us to implement effective processes and provide our collaborators with the necessary knowledge and abilities to identify, control, and mitigate risks, prioritizing the necessary measures and care to prevent accidents.

In 2015, we maintained 12 units in Mexico and Peru with the Occupational Health and Safety Assessment Series certification, per OHSAS 18001:2007 standard. In addition, in Mexico, we have 18 units accredited by the Ministry of Labor's Health and Safety at Work program (PASST for its Spanish acronym), thus endorsing our commitment to follow the best practices in health and safety at the workplace.

Among the achievements we should note regarding health and safety during 2015, we can mention the following:

- Mexico's Mining Chamber (Camimex) awarded the Silver Helmet, a "Jorge Rangel Zamorano" Trophy, to Mexicana del Cobre's and Buenavista del Cobre's SX/EW plants as they reported the lowest accident rate in the industry, as well as for their efforts in accident prevention.
- Our accident rates in mining operations in Mexico are 54% lower than the national average.
- In Peru, we set in motion the Behavior-Based Safety process (SBC for its Spanish acronym), whose goal is to reinforce people's safe behaviors using observation and feedback during their daily work, encouraging participation and pride in the efforts to create a safe workplace.
- Five of Grupo Mexico's neighborhoods, 6 work centers, and 3 schools were certified as Healthy Environments. The certification issued by the Health Department recognizes the company's actions in performing joint efforts to improve inhabitants' health.
- Our US mining operations once again achieved the lowest accident and severity rates in their history, with an accident index that is 70% below the regional average.



Workers from the Santa Eulalia mine in Chihuahua.

We are committed to exercise a culture of prevention and conscious and active participation among all the collaborators,

united to achieve a single joint vision of a safe and healthy workplace.

As a result of the work and commitment of our people to health and safety, the incident rate (IR) decreased significantly from 0.94 in 2013 to 0.69 by the end of 2015. In the last five years, the Mining Division has succeeded in reducing its incident rate by 44%, and their severity rate by 69%, making it clear that our activities to identify and tackle risks have significantly decreased the frequency and severity of the accidents at our mining operations.

These results reflect our efforts to build a culture of safety, the implementation of inspection plans, and above all, the work and commitment of our employees.

### OCCUPATIONAL HEALTH

Healthy environments are part of the organizational culture and the management system, as a responsibility of the company, which establishes a culture of involvement, participation, and commitment, to generate better health conditions that lead to an improvement in the quality of life of our collaborators, their families, and the communities where we operate.

During 2015, we managed to reduce our occupational illnesses by 63%, as a result of various education, prevention, and risk control programs, as well as by treating illnesses. These programs are provided to our collaborators and, in some cases, their families, contractors, suppliers, institutions, and the public in general.



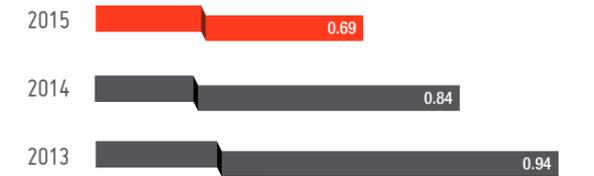
During 2015, we managed to reduce our occupational diseases by 63%,

as a result of various programs for education, prevention, risk control,

and treatment of diseases.

### INCIDENT RATE (IR),

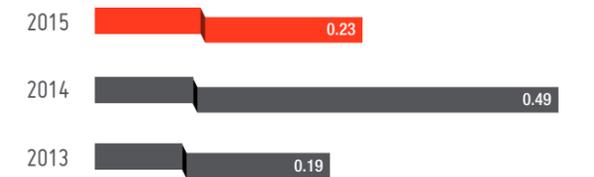
Mining Division, 2013 - 2015



$$IR = \frac{\text{No. of lost-time accidents}}{\text{Total no. of man hours worked}} \times 200,000$$

### SEVERITY RATE (SR),

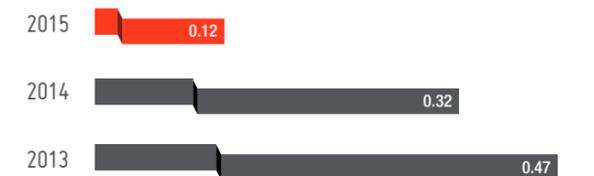
Mining Division, 2013 - 2015



$$SR = \frac{\text{No. of days lost}}{\text{Total of man hours worked}} \times 1,000$$

### OCCUPATIONAL DISEASE RATE (ODR),

Mining Division, 2013 - 2015



$$ODR = \frac{\text{No. of occupational disease cases}}{\text{Total No. of man hours worked}} \times 200,000$$



Personnel from the La Caridad mine in Sonora, Mexico.

Caring for our personnel's life, health, and physical integrity is a key part

and a priority in all our activities.

## ACTIVITIES DESIGNED FOR:

### STAFF WORKPLACE

- 1 Internal safety cells forum
- 2 Safety expo
- 3 Health fair
- 4 Health race
- 5 Courses and conferences on safety
- 6 Awards for workers or departments with ZERO INCIDENTS



### FAMILIES, WORKERS, AND COMMUNITY

- 1 Guided visits "Know my Company"
- 2 Family gatherings and parades
- 3 Health fair
- 4 Health race
- 5 Fire fighting courses
- 6 Family contests, promoting values



## INVESTMENT IN HEALTH AND SAFETY

In 2015, we invested over US\$116.92 million in occupational health and safety, representing an 11% increase YOY, channeled to engineering works, personal protection equipment, training, and industrial hygiene studies. As for occupational health, we invested in encouraging, promoting, and protecting health, and primary prevention, treatment, and rehabilitation.

## INVESTMENT IN WORKPLACE SAFETY

(Million dollars)

	Mining Division
Administrative cost	\$ 6.43
Training	\$ 4.90
Personal protection gear	\$ 10.01
Industrial hygiene studies	\$ 1.82
Engineering works	\$ 84.78
<b>Total</b>	<b>\$ 107.94</b>

## INVESTMENT IN WORKPLACE HEALTH

(Million dollars)

	Mining Division
Incentivizing, promoting, and protecting health	\$ 0.72
Detection and prevention	\$ 0.69
Treatment	\$ 7.54
Rehabilitation	\$ 0.03
<b>Total</b>	<b>\$ 8.98</b>

# TRANSPORTATION DIVISION

Train with cars on the Salsipuedes bridge in Barrancas, Jalisco.

We have consolidated as the  
leading transportation company

in Mexico.



## GEOGRAPHIC LOCATION

TRANSPORTATION DIVISION - GRUPO MEXICO

### SYMBOL KEY

#### RAILROADS GRUPO MEXICO

1	MEXICALI
2	NOGALES
3	B. HILL
4	PRESIDIO OJINAGA
5	HERMOSILLO
6	PIEDRAS NEGRAS
7	CHIHUAHUA
8	GUAYMAS
9	CD. FRONTERA
10	ESCALÓN
11	PAREDÓN
12	MONTERREY
13	TOPOLOBAMPO
14	SALTILLO
15	FELIPE PESCADOR
16	MAZATLÁN
17	PTO. ALTAMIRA
18	TAMPICO
19	SAN LUIS POTOSÍ
20	AGUASCALIENTES
21	GUADALAJARA
22	VIBORILLAS
23	IRAPUATO

24	HUEHUETOCA
25	VERACRUZ
26	VALLE DE MÉXICO
27	COLIMA
28	MANZANILLO
29	COATZACOALCOS
30	TORREÓN

#### RIGHT OF WAY

14	SALTILLO
31	SALINA CRUZ

#### OTHER RAILWAYS

4	PRESIDIO OJINAGA
32	ALPINE
33	FT. STOCKTON
34	SAN ANGELO
35	SAN ANGELO JCT

#### TRAINSHIP



PACIFIC OCEAN

GULF OF MEXICO

CENTRAL AMERICA

## TRANSPORTATION DIVISION

Grupo Mexico's Transportation Division is represented by its subsidiary FM Rail Holding, S.A. de C.V. (FMRH). Its main subsidiaries are: Grupo Ferroviario Mexicano, S.A. de C.V. (GFM), Ferrocarril Mexicano, S.A. de C.V. (Ferromex), Infraestructura y Transportes Ferroviarios, S.A. de C.V. (ITF), Ferrosur, S.A. de C.V. (Ferrosur), Intermodal México, S.A. de C.V. (IMEX), and Texas Pacifico, LP, Inc. (TXP).

FMRH is the largest railway company and has the greatest coverage in Mexico. It has a network of over 10,570 km of rails through 24 states in Mexico, and the state of Texas in the US. FMRH's lines connect at five border points with the US, as well as at four ports on the Pacific Coast, and four more at the Gulf of Mexico. FMRH is controlled by Grupo Mexico (75%) and Grupo Carso-Sinca Inbursa (25%). Ferromex is controlled by FMRH (74%) and Union Pacific (26%). FMRH holds 100% of Ferrosur.

Since the beginning of its operations, the Transportation Division has implemented new operating practices, and carried out significant capital investments in order to reduce long-term risks and improve operating efficiency.

The Transportation Division offers railway cargo services in the segments of agriculture, automobiles, minerals,

industrials, energy, chemicals & fertilizers, intermodal, steel, and cement.

Regardless of the 4.9% increase in tons per kilometer hauled and a better rate mix, revenues accrued at December 2015 reported a 3.4% decrease in US dollar terms vs. the previous year, affected by a 19.2% depreciation of the peso. Revenues in peso terms showed a 15.2% rise, in line with volume and rate increases.

Volumes transported during 2015 reached 54.22 billion net tons per kilometer. The segments with the most growth were: steel (21%) as a result of greater penetration in the traffic of the segment and a decrease in steel prices, which has increased exports and imports of both raw materials and finished products; agriculture (11%), given the increase in the traffic of both national and import harvests; automotive (10%), given the movement of vehicles as a result of increases in assembly plants' production; intermodal (9%) given traffic growth at the Manzanillo and Veracruz ports, as well as the cross-border corridors in Piedras Negras and Ciudad Juarez, connecting with US railways.

After the startup of operations of three assembly plants in 2014, vehicle production nationwide grew 5.6% in 2015.

**In 2015, we became the No. 1 railway in international traffic, achieving a significant increase in border crossings, and representing 51% of the railway traffic in exports to the US.**



### Automotive Segment Transportation Division

The automotive segment achieved a record high, transporting 159,110 rail cars which hauled over 1.8 million vehicles.

The Transportation Division remains the largest automobile transporter in the country, moving 66% of the production of the plants it serves.

## FINANCIAL HIGHLIGHTS OF GME RAIL HOLDING

(Thousands of Dollars)	January-December		Variation	
	2014	2015	US\$000	%
Vol. Transported (million ton-km)	51,703	54,221	2,517	4.9
Cars Hauled	1,164,438	1,210,057	45,619	3.9
Sales	1,957,108	1,890,863	(66,245)	(3.4)
Cost of Sales	1,205,227	1,126,524	(78,703)	(6.5)
Operating Profit	495,558	528,324	32,766	6.6
<b>EBITDA</b>	<b>675,876</b>	<b>695,154</b>	19,278	2.9
EBITDA Margin (%)	34.5%	36.8%		
Net Profit	296,238	303,955	7,717	2.6
<b>Profit Margin (%)</b>	<b>15.1%</b>	<b>16.1%</b>		
Investments – (CAPEX)	289,027	377,842	88,815	30.7



Intermodal Train, Libramiento Laguna de Cuyutlán, Colima.

We hauled 375 thousand containers, positioning the intermodal segment

as one of the services with the most growth in the Transportation Division.

During the year, the Transportation Division consolidated itself as the largest automobile transporter in the country, hauling 66% of the production of the plants it serves, particularly in terms of exports to the US. For this segment, 525 rail cars (bi-level and tri-level auto racks) were acquired, as part of a comprehensive program to keep increasing the fleet in various segments.

In the intermodal segment, we continued to grow with a 13.1% expansion in the volume of containers hauled, totaling 375,338.

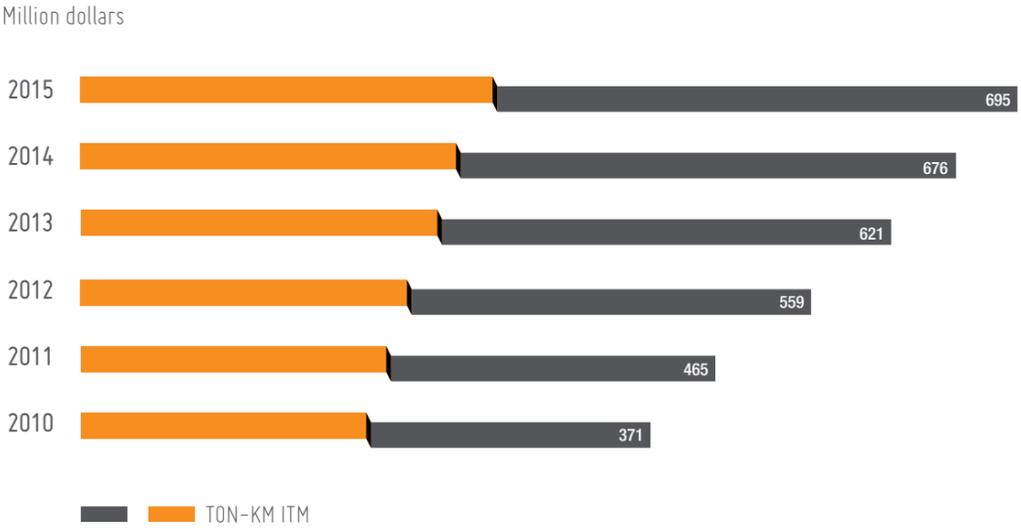
The cross-border service increased 23% in container volumes, thanks to new traffic, mainly of autoparts and household appliances. In November 2015, a new

cross-border service was started with US railway Union Pacific, covering the Silao-Chicago-Memphis route, with potential to haul 60,000 containers per year, servicing the automotive sector with autoparts imports and finished product exports.

Significant achievements were made in other segments as well, such as the hauling of 23 million tons of agricultural products, thus guaranteeing supply in the country. We also hauled 19 million tons of minerals and steel products.

**We have 2.7 million horsepower to move the 1.5 million cars we hauled in 2015.**

### HISTORICAL EBITDA OF THE TRANSPORTATION DIVISION



In the last 18 years, Mexico has undergone a transformation of the railway system, going from operations that were dependent on large government subsidies to a highly productive, profitable, and autonomous system.  
OCDE, International Transport Forum

## INVESTMENTS IN FIXED ASSETS

### TRANSPORTATION DIVISION

The Transportation Division invested US\$378 million in 2015. The investments were destined, among other lines, to the acquisition of 34 locomotives and 594 railway cars, infrastructure improvement, track rehabilitation, expansion and construction of sidings and yards, as well as for the acquisition of railroad machinery, which will increase capacity and benefit operations.

### FM RAIL HOLDING, SA DE CV

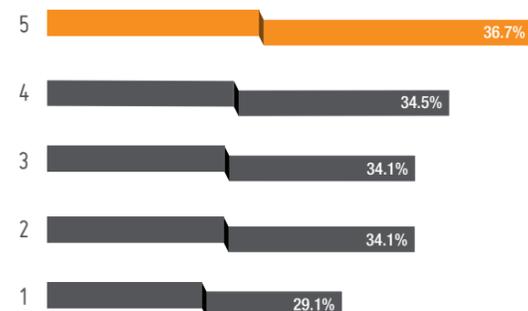
Maintenance investment

Million dollars

Track maintenance and rehabilitation	3,951
Telecommunication	212
Equipment	1,105
Others	300
	<b>5,568</b>

### TRANSPORTATION DIVISION

EBITDA Margin %



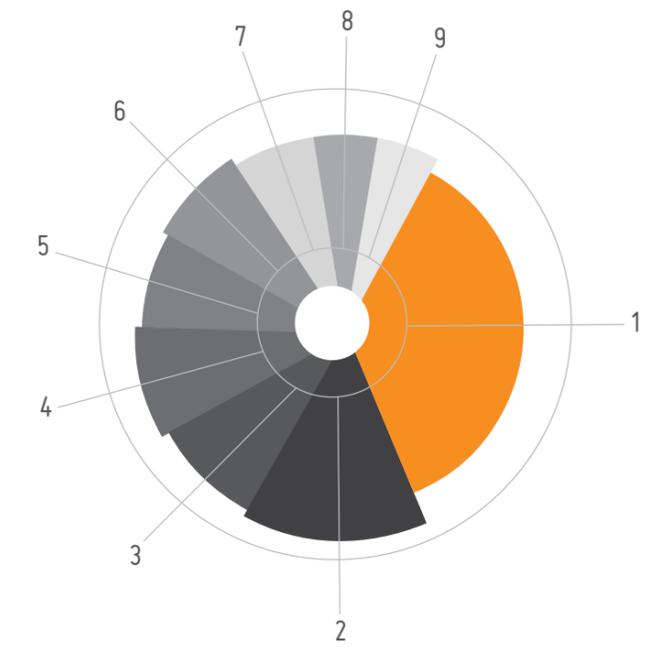
Bulk train, cuauhtemoc, Chihuahua.

Railway transportation helps to considerably reduce pollution, as a single train is equivalent to 300 cargo trucks on the highway network;

vehicle traffic and the number of road accidents are also reduced.

## TONS PER KILOMETER

1	Agricultural	19.545	6	Energy	4.028
2	Minerals	7.825	7	Industrial	3.594
3	Chemicals	4.756	8	Cement	2.968
4	Steel	4.733	9	Automotive	2.743
5	Intermodal	4.029			





In May 2015, we obtained the Socially Responsible Enterprise (SRE) acknowledgment for the first time,

after meeting the strict evaluation controls established and verified

by the Mexican Center for Philanthropy (Cemefi).

### SALES DIVERSIFICATION BY SEGMENT

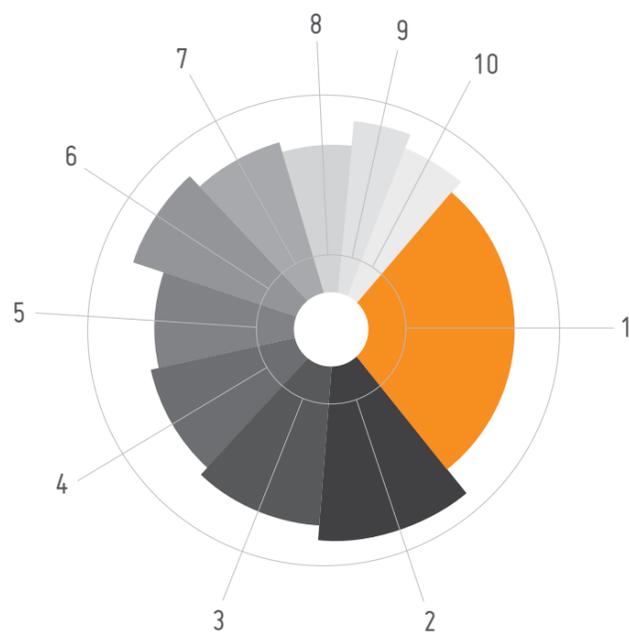
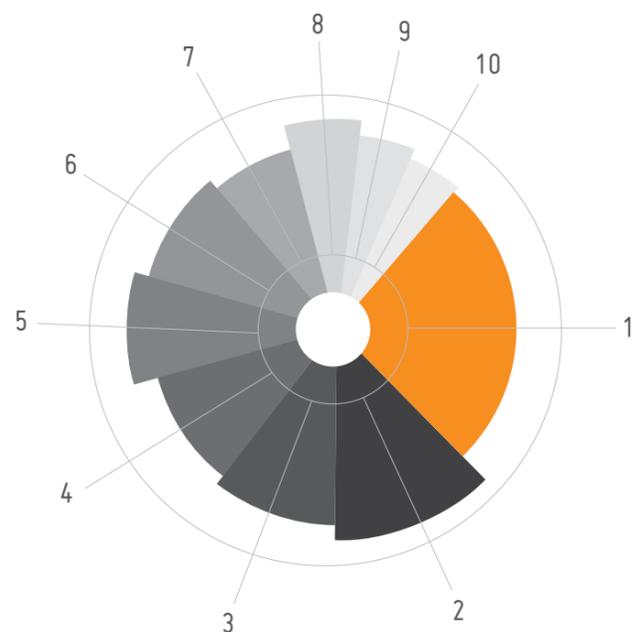
Each segment's revenue contribution up to December 31, 2015, is shown below:

#### REVENUES PER SEGMENT 2014

1	Agricultural	26%	6	Intermodal	9%
2	Automotive	12%	7	Intermodal	7%
3	Industrial	10%	8	Steel	6%
4	Minerals	10%	9	Others	5%
5	Chemicals	9%	10	Cement	5%

#### REVENUES PER SEGMENT 2015

1	Agricultural	28%	6	Intermodal	8%
2	Automotive	12%	7	Intermodal	7%
3	Industrial	11%	8	Steel	6%
4	Minerals	10%	9	Others	4%
5	Chemicals	9%	10	Cement	5%



### TRANSPORTATION DIVISION RESOURCES

	Ferromex	Ferrosur	TXPT	IMEX	Total
Railway network (km)	8,130	1,822	618		10,570
Locomotives	608	187	19		814
Cars	25,021	4,127	-		29,148
Workers/employees	7,804	1,991	56	643	9,851

### SALES BY SEGMENT

GMexico Transportes	2015	2014	Variation	%
Agriculture	\$ 532,375	\$ 518,333	14,042	2.7%
Minerals	\$ 227,454	\$ 242,804	(15,350)	-6.3%
Steel	\$ 200,411	\$ 201,438	(1,027)	-0.5%
Automotive	\$ 184,274	\$ 204,232	(19,958)	-9.8%
Intermodal	\$ 159,806	\$ 167,504	(7,699)	-4.6%
Industrial and others	\$ 148,026	\$ 184,805	(36,779)	-19.9%
Cement	\$ 139,364	\$ 141,450	(2,086)	-1.5%
Chemicals and fertilizers	\$ 117,267	\$ 116,928	339	0.3%
Energy	\$ 83,033	\$ 89,416	(6,383)	-7.1%
<b>Freight subtotal</b>	<b>\$ 1,792,009</b>	<b>\$ 1,866,910</b>	<b>(74,901)</b>	<b>-4.0%</b>
Other revenues	\$ 98,854	\$ 90,198	8,656	9.6%
<b>Total revenues</b>	<b>\$ 1,890,863</b>	<b>\$ 1,957,108</b>	<b>(66,245)</b>	<b>-3.4%</b>

# INFRASTRUCTURE DIVISION

Electric power generation plant  
with 500MW capacity.

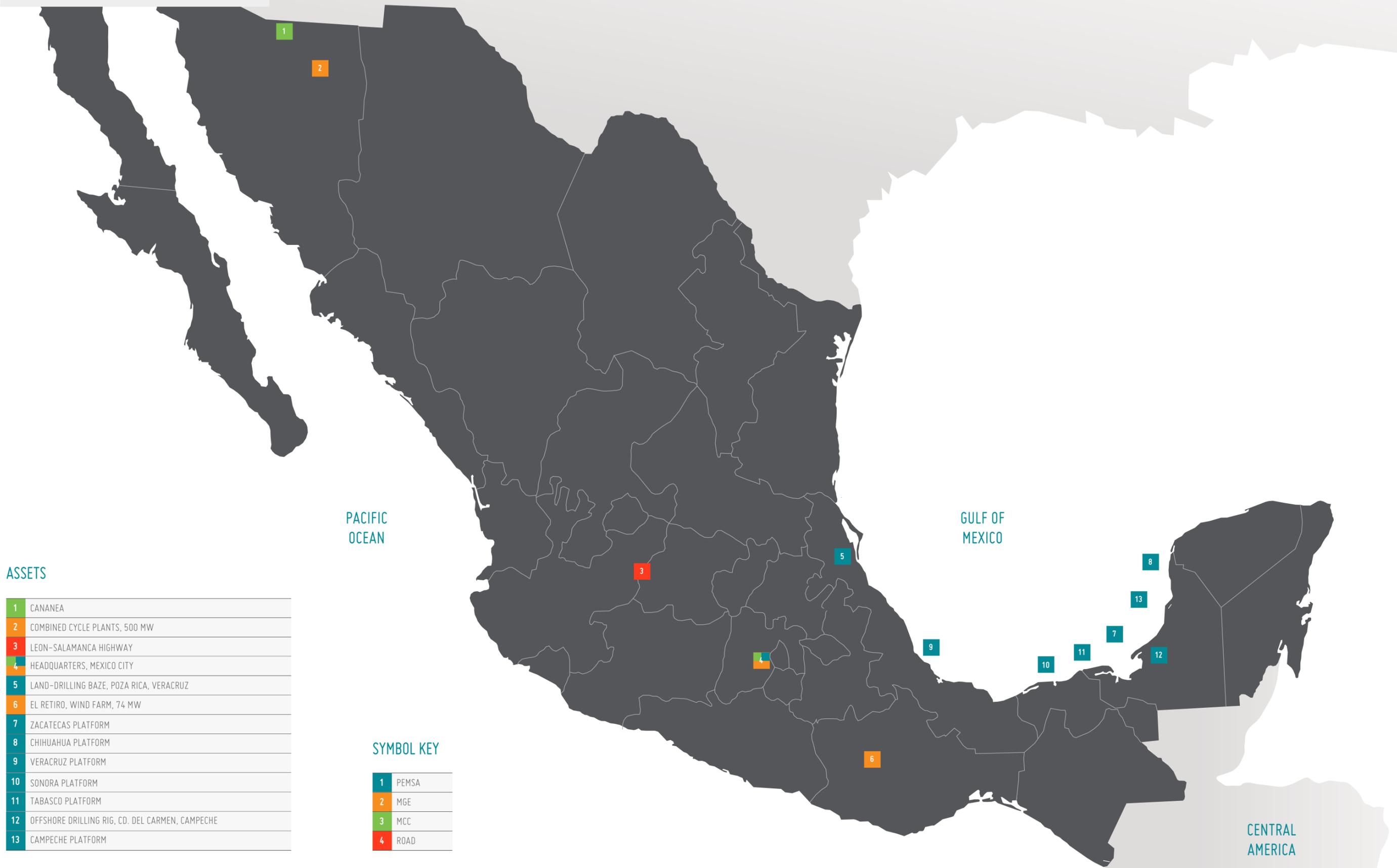
In 2016, Mexico Compañía  
Constructora totals 80 years

of uninterrupted work  
in the country.



## GEOGRAPHIC LOCATION

INFRASTRUCTURE DIVISION - GRUPO MEXICO



### ASSETS

1	CANANEA
2	COMBINED CYCLE PLANTS, 500 MW
3	LEON-SALAMANCA HIGHWAY
4	HEADQUARTERS, MEXICO CITY
5	LAND-DRILLING BAZE, POZA RICA, VERACRUZ
6	EL RETIRO, WIND FARM, 74 MW
7	ZACATECAS PLATFORM
8	CHIHUAHUA PLATFORM
9	VERACRUZ PLATFORM
10	SONORA PLATFORM
11	TABASCO PLATFORM
12	OFFSHORE DRILLING RIG, CD. DEL CARMEN, CAMPECHE
13	CAMPECHE PLATFORM

### SYMBOL KEY

1	PEMSA
2	MGE
3	MCC
4	ROAD

Construction of segment II of the Salamanca-Leon highway,

which achieved a daily traffic of 7,385 vehicles, was completed.

For 2016, once the Ministry of Communications and Transportation (SCT) authorizes the access to arrive in Leon, we expect a 30% increase in said traffic.

## INFRASTRUCTURE DIVISION

### MÉXICO PROYECTOS Y DESARROLLOS S.A. DE C.V. (MPD)

The Infrastructure Division is represented by México Proyectos y Desarrollos, S.A. de C.V. (MPD). Its main subsidiaries are: Controladora de Infraestructura Petrolera, S.A. de C.V. (CIPEME), Controladora de Infraestructura Energética México, S.A. DE C.V. (CIEM), México Compañía Constructora, S.A. de C.V. (MCC) y Grupo México Servicios de Ingeniería, S.A. de C.V. (GMSI). All these companies are 100% controlled by Grupo Mexico.

CIPEME offers drilling services for oil and water exploration, including leasing of drilling equipment and related services, such as cementation engineering, and directional drilling. CIEM's business is the production of energy, mainly for self-consumption. MCC and GMSI participate in engineering, procurement, construction of infrastructure works activities, as well as specialized services of comprehensive engineering for projects.

## RELEVANT FIGURES FOR MÉXICO PROYECTOS Y DESARROLLOS (MPD)

(Thousands of dollars)	January-December		Variation	
	2014	2015	US\$000	%
Sales	562,003	616,183	54,180	9.6
Cost of sales	327,603	283,713	(43,890)	(13.4)
Operating profit	154,431	218,868	64,436	41.7
<b>EBITDA</b>	207,856	302,729	94,873	45.6
<b>EBITDA margin (%)</b>	37.0%	49.1%		
Net profit	80,595	122,845	42,250	52.4
<b>Profit margin (%)</b>	14.3%	19.9%		
Investments – (CAPEX)	482,360	89,534	(392,826)	(81.4)

The Infrastructure Division's sales in 2015 reached US\$616 million, which is 10% greater than in the previous year. This increase was the result of the start of operations of the second combined cycle plant with a capacity of 250 megawatts (MW), segment II of the Salamanca-Leon highway, and the Campeche platform, mainly.

Likewise, the Division achieved a record EBITDA during the year, totaling US\$303 million. The increase was due to the EBITDA growth in all of the companies, namely Energy, which grew from US\$62.7 to US\$117 million, and CIPEME which, despite the tough macroeconomic environment for oil prices and Pemex's budget cuts, increased from US\$102.9 to US\$115.7 million. On the other hand, MCC's EBITDA rose from US\$42.4 to US\$68.8 million.

A total of US\$89.5 million were invested in the Infrastructure Division in 2015. Among the investments made, we should note those related to the modular platforms: US\$26 million, the last payment on modular platform Veracruz, and US\$37 million to complete the construction of modular platform Tamaulipas. Furthermore, we invested US\$121.6 million in the Salamanca-Leon highway, which was recorded under other assets, as it is a concession.

In 2015, we began to see the returns on our investments from the last few years, achieving record figures in revenues, EBITDA, and profitability. In 2016, we expect all our assets to be in operation.

## OIL AND GAS SECTOR

### CONTROLADORA DE INFRAESTRUCTURA PETROLERA MÉXICO, S.A. DE C.V. (CIPEME)

In 2015, Controladora de Infraestructura Petrolera obtained US\$191 million in revenues and US\$116 million in EBITDA, with a net profit of US\$41 million. In terms of EBITDA, even though rate reductions were agreed with Pemex on all the marine equipment under contract, we achieved a record year.

#### MARINE DRILLING

The year was ended with current contracts on six of our seven drilling platforms; only the Sonora platform is not contracted.

The operating efficiency of the platforms in 2015 was 98%, which means that we succeeded in maintaining the level achieved in 2014.

**Self-raising platform Sonora** operated from January 1st to March 4, 2015, with 99.9% productivity. After the contract expired, the platform entered a maintenance program that was completed in November. This will make it possible to renew its class certificate and await opportunities for new contracts.

**Self-raising platform Zacatecas** achieved 98.5% productivity, managing to significantly surpass the level reached in 2014. Likewise, we succeeded in extending the contract for another year, setting its termination at August 12, 2016.

**Self-raising platform Chihuahua** reached 98.9% productivity, standing out as the one with the best performance among our equipment. In 2016, we succeeded in extending the contract for a year, setting its termination at March 2017.

Modular rig Veracruz during setup in Ayatsil offshore field.

Throughout 2015, we maintained an average efficiency of 98% of our marine exploration systems;

thus, we remain a benchmark in the industry.





Aerial view of the combined cycle plants in Nacozari, Sonora.

In the year, we generated 2,962 Gigawatts-hour, 25% more than in the previous year.

This energy is equivalent to the annual electricity consumption of over 1.4 million Mexicans.

**Self-raising platform Tabasco** achieved 98.1% productivity. Its contract ends in March 2022.

**Self-raising platform Campeche** achieved 97.9% productivity. Its contract ends in February 2022.

As for our modular platforms, Veracruz completed its installation and began operations on October 15, 2015, while Tamaulipas ended construction in April 2015, and is waiting to be assigned by Pemex for installation. Both have contracts for roughly four years.

#### EVALUATION OF NEW OPPORTUNITIES

During 2015, Controladora de Infraestructura Petrolera evaluated the opportunities in the three bidding calls for Round One. In the end, we presented proposals for three fields in the third call (mature onshore fields), but we did not obtain any of them.

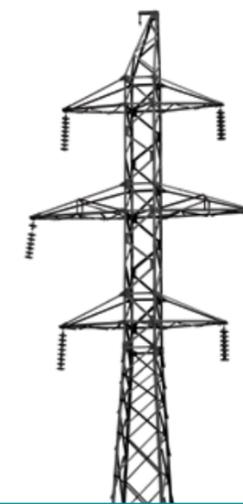
During 2016, we will continue to assess the opportunities that may arise, in order to become an exploration & production company.

## ENERGY

### CONTROLADORA DE INFRAESTRUCTURA ENERGÉTICA MÉXICO, S.A. DE C.V. (CIEM)

2015 was a record year for the Energy Division in terms of production and sales. We started up the second generation plant commercially in Nacozari, Sonora, and our revenues increased as a result of greater consumption from our self-supply partners.

Despite the drop in energy prices, CIEM's consolidated revenues in 2015 reached US\$240 million, resulting in an EBITDA of US\$117 million; that is, 25 and 87% more than in 2014, each.



We have an energy generation capacity

of 574MW with state-of-the-art technology.

This year, the commercial operation of the second combined cycle plant at Nacozari, Sonora, began, thus achieving a record year in energy generation.

As for the new opportunities in the electric energy market, we are analyzing clean and renewable energy generation projects in order to keep delivering electricity to companies in the Group and grow outwards.

Little by little, we are consolidating ourselves as an independent and competitive business line within Grupo Mexico, and an efficient alternative within the Mexican electric energy market.

### MÉXICO GENERADORA DE ENERGÍA (MGE)

In 2015, we generated 2,747 gigawatts-hour (GWh); that is, 25% more energy than in 2014. This growth was due to the commercial startup of our second combined cycle plant, which matched the increase in demand from the Buenavista del Cobre mine.

MGE's income in 2015 reached US\$226 million, generating an EBITDA of nearly US\$97 million.

In June, we began operations at both plants, and our production has been increasing month after month. We expect to achieve 100% capacity before the first half of 2016 ends.

As for occupational health and security, we have managed to operate with zero incapacitating incidents since 2013. We maintain a permanent labor risk training and prevention, which has been very successful.

### EÓLICA EL RETIRO, S.A.P.I. DE C.V. (ERSA)

2015 was the first full year of operations of the El Retiro Wind Farm, and we obtained very good results.

ERSA's sales in 2015 reached US\$14.3 million, which led to an EBITDA of nearly US\$20 million—a record high for our wind farm.

The revenue increase vs. 2014 was 45%, while the EBITDA increase was 57%.

We completed the registration of clients in 2015, so that we now have a portfolio with over 300 points of sale.

Throughout 2015, we carried out Seed Capital projects. These initiatives, in the areas of production, education, social, and environment, have strengthened the relations of El Retiro with society, and they help to increase the level of life of both our collaborators and our neighbors.

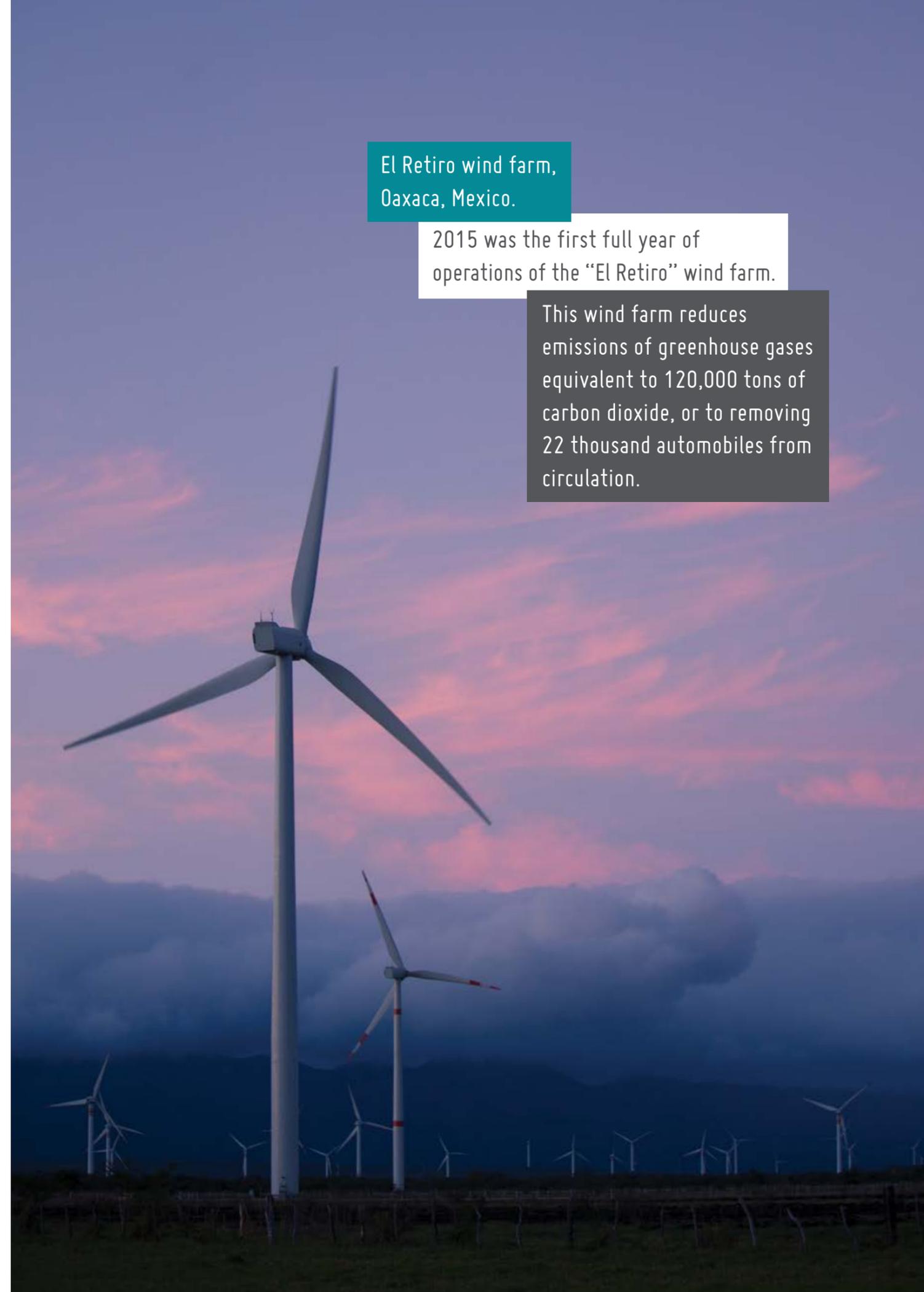
### MÉXICO COMPAÑÍA CONSTRUCTORA, S.A. DE C.V. (MCC)

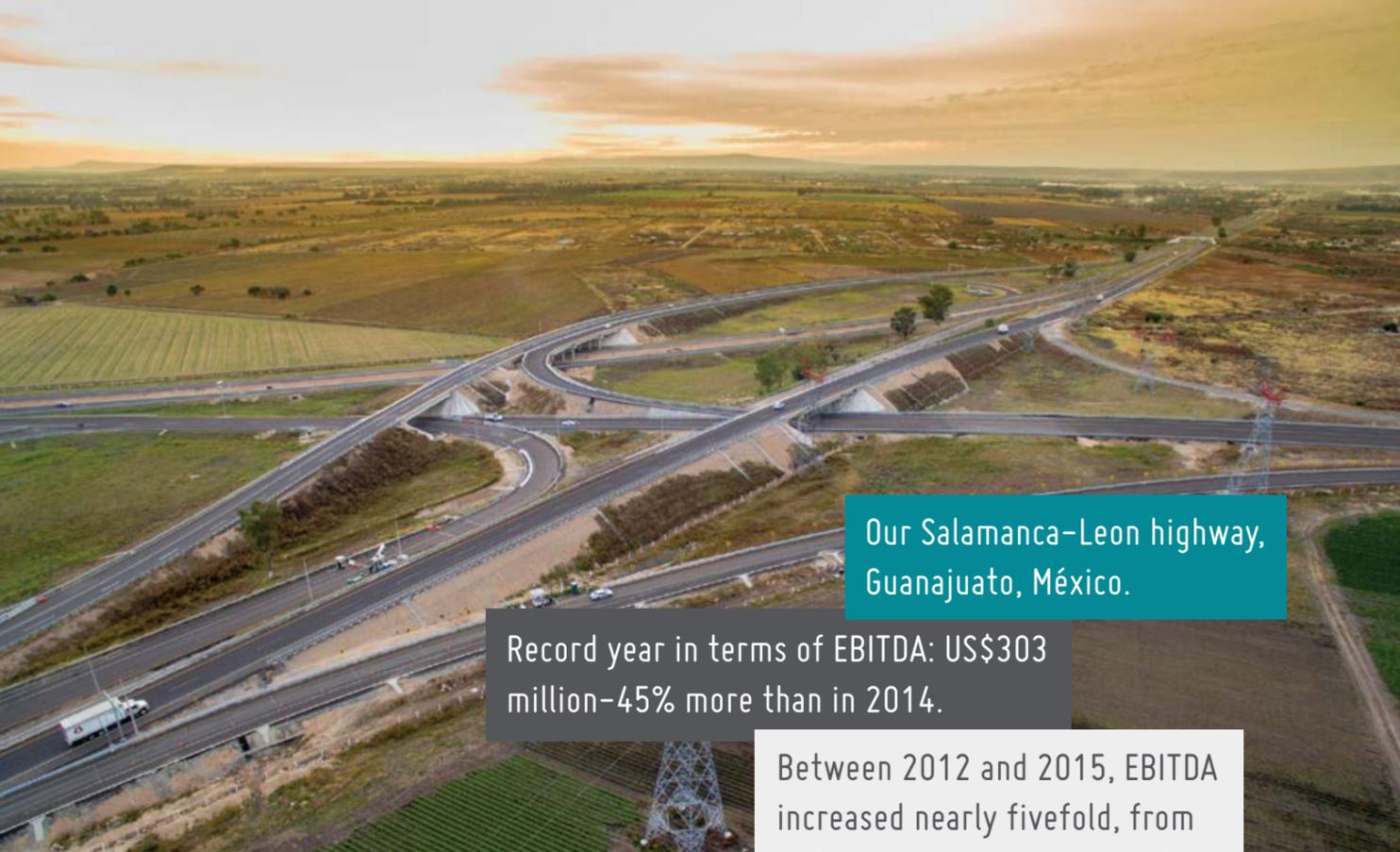
MCC began operations in the construction industry in 1936, participating in the development of great infrastructure works throughout the country. In 2016, we are proud to say we have been working uninterruptedly for 80 years, “thinking and acting big”.

El Retiro wind farm,  
Oaxaca, Mexico.

2015 was the first full year of  
operations of the “El Retiro” wind farm.

This wind farm reduces  
emissions of greenhouse gases  
equivalent to 120,000 tons of  
carbon dioxide, or to removing  
22 thousand automobiles from  
circulation.





Our Salamanca-Leon highway,  
Guanajuato, México.

Record year in terms of EBITDA: US\$303 million—45% more than in 2014.

Between 2012 and 2015, EBITDA increased nearly fivefold, from US\$63 million in 2012 to US\$303 million in 2015.

MCC's experience covers a wide range of infrastructure works, large in both size and complexity, in every discipline related to the construction industry.

The builder's services include the following areas:

- Engineering, planning, and procurement.
- Construction of civil and electromechanical works.
- Management and control of all construction processes.
- Setting in motion and operation.

In 2015, MCC's income reached a record US\$184.3 million and its EBITDA totaled US\$68 million, reflecting 9 and 60% increases, respectively, compared to the previous year. On the other hand, Grupo México Servicios de Ingeniería (GMSI) reported an EBITDA of \$6.3 million, five times greater than a year earlier, and a nearly tenfold increase in net profit for the same period.

#### MAIN WORKS UNDER EXECUTION:

##### Ministry of Communications and Transportation (SCT)

On September 21, 2015, Mexico's President, Enrique Peña Nieto, inaugurated the second segment of the Salamanca-Leon highway. This high-spec highway is one of the first in the country to be equipped with an Intelligent Transportation System (ITS), which makes it possible to monitor all segments of the road in real time, offering its users greater security.

During 2015, the highway's income reached over 210 million pesos, and achieved a significant average daily traffic of 7,385 vehicles. For 2016, we expect a 30% increase in traffic, once the SCT authorizes the access road to Leon, the branch to the Interior Port, and to Silao.

##### Buenavista del Cobre, S.A. de C.V.

Work was done to reinforce and give maintenance to tailings dam No. 3. Likewise, construction was carried out on stage one, phase 1 of the new tailings deposit, to be completed in the second half of 2016, and we are continuing the execution of phase 2.

##### Mexicana de Cobre, S.A. de C.V.

Throughout the year, work was done on the construction of the super-elevation of the levee of tailings dam No. 7 of the La Caridad mine, in the Nacozari municipality of Sonora.

##### Ferrocarril Mexicano, S.A. de C.V.

In the last three months of 2015, we carried out the first stage to expand the gauge of 15 tunnels on the T Line, Guadalajara Division, with topographic, geologic, and geophysical studies, and the executive project. Early in 2016, we will begin the works to expand the gauges which, in the near future, will enable double-stacked trains to pass along the Guadalajara-Tepic segment.

#### IN 2016, WE HAVE THE FOLLOWING POSSIBLE PROJECTS:

- Improvement of the Cananea, Sonora, airport.
- Improvement of the Mazocahu-Cananea road in Sonora.
- Possibility of obtaining a state concession for a 27-kilometer road stretch, from the Silao road junction of the Salamanca-Leon highway to connect with highway 45.
- Biddings for roads in the SCT's investment program.

## MANAGEMENT OF OCCUPATIONAL SAFETY AND ENVIRONMENTAL CARE

In 2015, the number of incapacitating accidents was below ISHAS and CMIC. Environmental performance is in compliance with all resolutions on the company's construction projects.

Our experience covers a wide range of large and complex infrastructure works, in all fields of the construction industry.

# GRUPO MÉXICO FOUNDATION

Reforestation rallies

4,827,654 people  
benefited

in 13 states of  
the Republic.



## GRUPO MÉXICO FOUNDATION

At Grupo México Foundation, we are very proud to announce in each annual work report the start of a new project. Thus, since our constitution, we have developed and implemented new projects each year that have in time grown and gained strength, achieving significant recognition and setting a milestone in our country's social activity.

2015 is no exception. During the first months of 2015, we finished forming what is now the ***Network of Entrepreneurial Associations and Foundations***.

The *Network* is an alliance that Grupo México Foundation created and developed among Entrepreneurial Foundations and Companies with social activities to align the options of assistance and thus achieve a unification of social work in our Country.

We have integrated efforts and created synergies with all those who share with us their constant labor in benefit of those who most need it. Thereby, through the *Network*, we generate multipliers to achieve a more effective task with greater scope, even as we provide the Civil Society Organizations registered in the Network with various channels of assistance and training to professionalize the social work.

Likewise, within the *Network*, all the Civil Society Organizations registered have a unique space to get training under the international criteria that guide social activity. Through this strength, we can move social activity more efficiently and therefore, we can expand the work we all do, obtaining as a result not only a standardization of social assistance, but also a greater impact of that support.



Grupo México Foundation

is present nationwide

through various programs  
we carry out.

Likewise, the *Network* can be the vehicle that the registered NGOs find to connect with one another and form alliances that will strengthen their activities.

The *Network* has a Digital Platform available to all the Organizations registered and all the Entrepreneurial Foundations and Companies with social activities that are part of this *Network*.

This platform offers various trainings in different segments, and alliances are formed among all the participants. Likewise, a directory classing each of the Organizations under its field of action has been developed.

This Platform also provides a “thermometer” for the Entrepreneurial Foundations and Companies with social activities to gauge the way in which the Organizations are performing their work and using the resources awarded, allowing us donors to gain certainty about the benefits achieved by the social work of the assisted organizations.

[www.RedAsociaciones.com](http://www.RedAsociaciones.com)

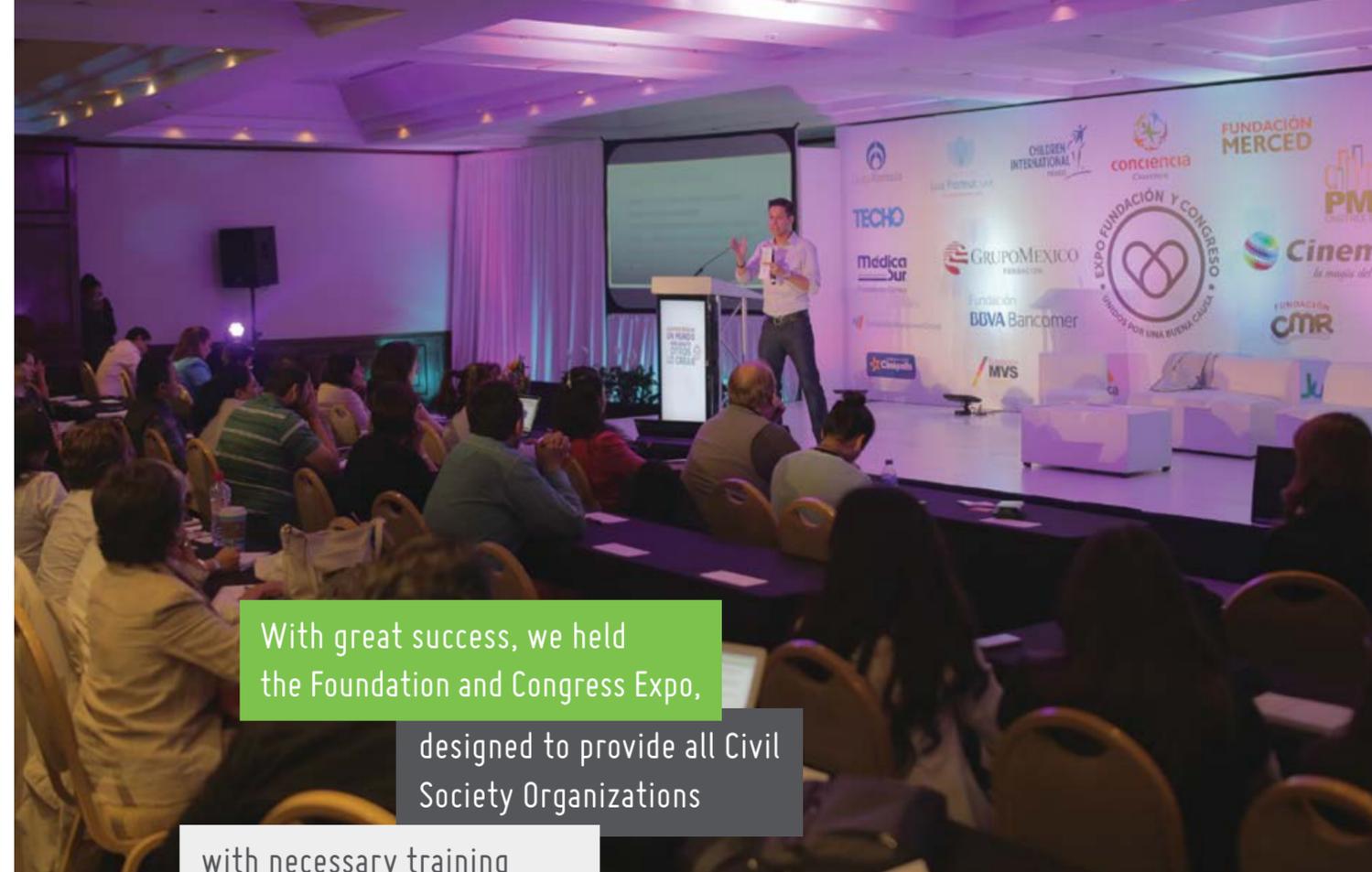
The Network’s Assembly, comprising Entrepreneurial Foundations and Companies with social activities, met twice in 2015 to manage the Network’s overall development, the Platform’s content, new initiatives, and the work plan for 2016. Thus, by the end of 2015, the *Network* had 33 representatives from Entrepreneurial Foundations and Companies with social activity, and we know that over the following year, this figure will increase, turning the Network into an unprecedented benchmark of social activity in Mexico.

Likewise, by the end of 2015, the *Network of Associations and Entrepreneurial Foundations* already had 625 Civil Society Organizations registered, which are now training constantly.

Results from the first year of work of the Network of Entrepreneurial Associations and Foundations

33 Representatives of Entrepreneurial Foundations and Companies social activity

625 NGOs registered in the Network



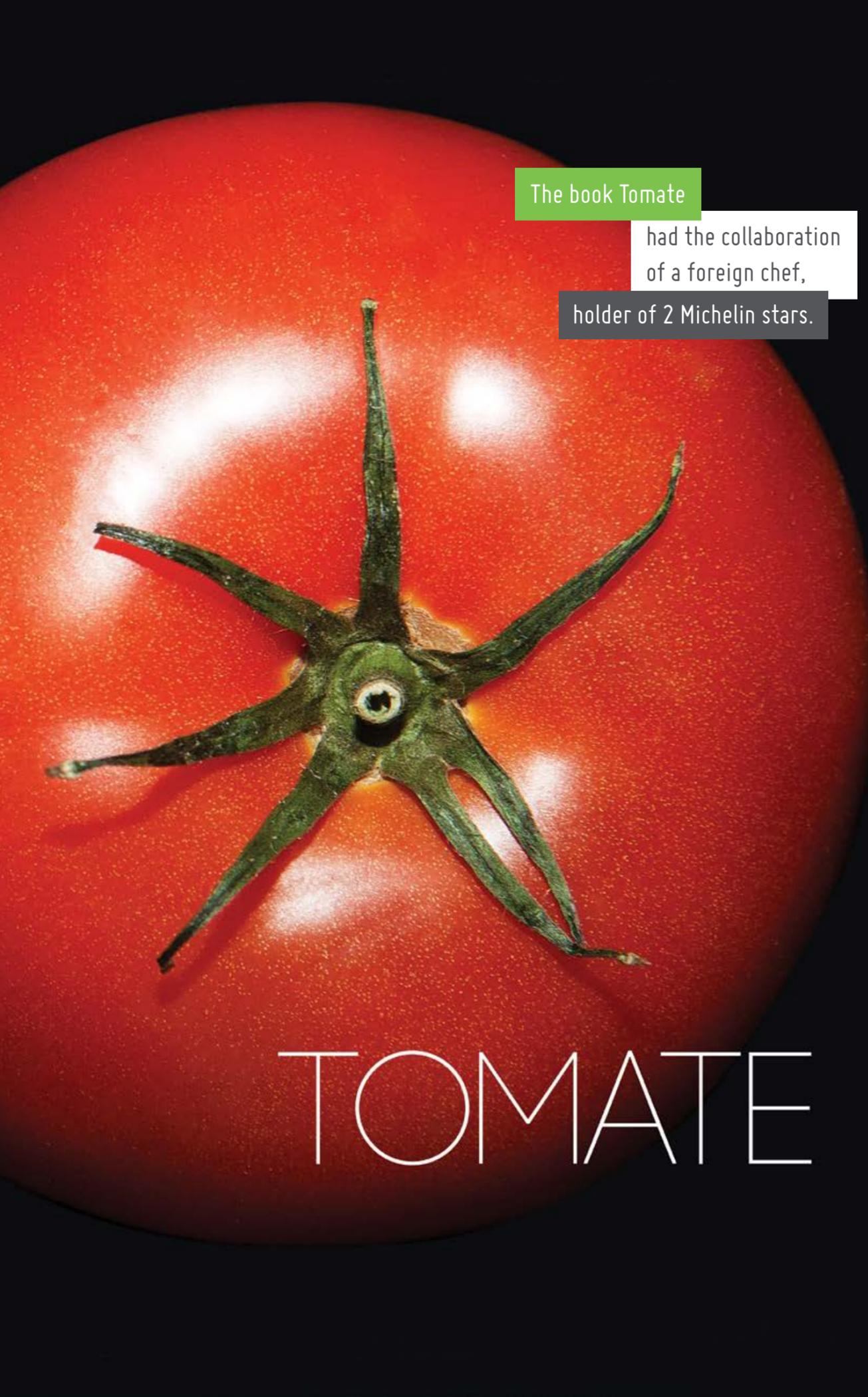
With great success, we held the Foundation and Congress Expo,

designed to provide all Civil Society Organizations

with necessary training to improve their social work.

With great success, we held the Foundation and Congress Expo, designed to provide all Civil Society Organizations with necessary training to improve their social work. Unfortunately, social work in our country has yet to achieve a level of professionalization; this prevents those active in this field from being able to use all the resources to expand their work. Our Congress succeeded in bringing together over 250 Organizations, which not only trained, but also achieved alliances to work jointly and multiply the support they offer. Accountability, resource management, social communication and marketing, use of social networks, social advertising, fundraising, and tax management, among others, were some of the topics presented by important internationally renowned lecturers on social topics during the three-day expo.

We wish to thank the following associations for the invaluable support and trust they provided in carrying out this Congress: Grupo de León, MVS Radio, Fundación CMR, Grupo Fórmula, Fundación Azteca, PM on Street, Fundación Acir, Dish, Corresponsable, Kuter, Casa Xavier, Fundación Televisa, Fundación Cinopolis, Children International México, En Nuestras Manos, ORT México, Fundación NEMI, Fundación Clínica Médica Sur, TECHO, UNETE, Fundación Luis Pasteur, Fundación BBVA Bancomer, Banamex, and Televisa Cine.



The book *Tomate*

had the collaboration  
of a foreign chef,

holder of 2 Michelin stars.

# TOMATE

## EDITORIAL GRUPO MÉXICO FOUNDATION

### TOMATE

Five years have passed since Editorial Grupo México Foundation published its first book. From the start of our collection, three of our books have been acknowledged by the “Gourmand World Cookbook Award”, the international contest for the best gastronomical publications.

When we decided to create Editorial Grupo México Foundation, we proposed to launch a collection of books that would meet two parallel goals: to help institutions that work with underprivileged Mexicans, using the profits from the sale of these books.

Through the sixth edition by Editorial Grupo México Foundation, CANICA (the Center to Support Homeless Children of Oaxaca) will be the institution to receive assistance to continue its work aiding abandoned, lost, mistreated, and/or orphaned children.

Grupo México Foundation considers it essential to keep assisting the underprivileged and vulnerable.

The second goal we set was to provide talented and professional young people with a platform where to present their publishing work.

We should note that many of our previous collaborators are now renowned and well known in the national and international gastronomical field. On this point, and for the first time, the person in charge of the culinary aspect is not Mexican; this time, it is a foreign, internationally renowned chef who holds two Michelin stars. This important collaboration fills us with pride and encourages us to continue working to always develop new and better books. In each of its publications, Editorial Grupo México Foundation has grown and has achieved a great work, support and, why not mention it? International acknowledgement.



## Education and Environment Results

4,827,654 people benefited

28,289 high school and university graduates

1,524 children benefited, assisted through the invitation to the “International Day of Nutrition”

7 days of Reforestation with 2,023 volunteers from among our employees and their families

504,412 trees planted in 505 hectares

13 states of the Republic Benefited

### EDUCATION AND ENVIRONMENT

Each year, we have succeeded in increasing the number of reforestation activities that we carry out. Throughout 2015, we carried out seven days of reforestation with the participation of 2,023 volunteers from among our employees and their families, jointly with various institutions and state governments who, committed to the environment, collaborate with us. During 2015, we reforested 505 hectares with 504,412 trees in 13 states of the Mexican Republic: the State of Mexico, Puebla, Veracruz, Michoacán, Hidalgo, Aguascalientes, Chihuahua, Mexico City, Jalisco, Morelos, Coahuila, and San Luis Potosí. Thus, we had an impact on 4,827,654 people who live in the communities adjacent to the reforested lands.

For the third consecutive year, we offered Educational Workshops. This year, in addition to continuing our workshops in the state of Sonora, we expanded our coverage and reached the state of Baja California Sur. Thus, 28,289 middle and high school students attend the various conferences that we offer on sexuality, addictions, violence, life plan, intelligent communication, and nutrition. It has been our constant aim to offer young people tools that will help them through the teenage years so they can prepare to become exemplary adults for our society.

In August 2015, 159 high school students graduated in the state of Sonora with the help of the scholarships we offer jointly with the Becalos program.

At Grupo México Foundation, we firmly believe that a comprehensive education is the base to form individuals and society overall. Education is not restricted only to academics; it is a whole that gives us the possibility of living and being better.

In August 2015, 159 high school students graduated in the state of Sonora with the help of the scholarships we offer jointly with the Becalos program. In addition, the first generation of university students, comprising 400 students who had a scholarship at the Sonora Technological University and 84 at the Colima Technological University, graduated. Thus, 643 students completed their high school or university studies in 2015.

During 2015, we continued to work with Fundación CMR, under the “World Food Day” program, benefiting 1,524 children in the states of Oaxaca, State of Mexico, Chiapas, and Mexico City with nutritional food and supplements that contribute to their optimal development.



### Cinemex Awareness and Institution Support Results

17,996 people benefited through The Premier for Charity

6,427,321 people reached through the Spreading of Social Message

544 billboards in 270 complexes

72,367 promotional items donated to 56,100 people

## CINEMEX AWARENESS AND SUPPORT TO INSTITUTIONS

As each year since we began operating, the Premier a Beneficio (Premier for Charity) program that we carry out through Cinemex Awareness has provided many Civil Society Organizations with the necessary funds to be able to continue their social work. In 2015, we once again doubled the funds raised through this Program by each participating organization, thus benefiting 17,966 people. *Our Premiers for Charity are already carried out nationwide, which enables us to assist the Organizations that work outside of Mexico City.*

Cinemex Awareness works together with many allies to carry out our support programs.

They all make it possible for us to be able to assist each of the organizations that approach us. Thereby, as every year, and very particularly, we wish to thank each of our allies: Video-

cine, Diamond, Paramount, Zima, Gussi, Nueva Era, Mantarraya, Amarok, Sony, Dragon Films, and Corazón Films.

The NGOs that participate in our Social Message Broadcasting Program have a space nationwide to broadcast their work; under this program, we benefited 6,427,321 people in 2015.

It would seem incredible that the time slots available to broadcast social cineminutos (movie minutes) of the various Organizations that request assistance run out within the first month each year. Thus, we have taken it upon ourselves to create a new program to increase the assistance we can offer: *Campaña Social en Marquesinas (Social Campaign through billboards).*

The campaigns we carry out on the billboards of the various Cinemex complexes are aimed to support the ONGs in broadcasting their work or else, promoting values. In 2015, our billboard campaign was present throughout

Mexico in 270 cinema complexes with 544 billboards whose goal was to reach young people on their alcohol consumption, thus encouraging healthy interaction.

For the third consecutive year, we supported the *Convivencia sin Violencia* (living together violence-free) organization both with its awareness campaign, and holding the “#Yolo” Forum, attended by over 2 thousand middle and high school students. We are encouraged by the work done in favor of a harmonious youth and society that will always choose its own and others’ good over violence and abuse. The Forum offers conferences that show success stories, encouraging young people to lead worthy lives and achieve their goals. As a society, we grow more and more accustomed to bad news and a way of life that demands more selfishness and violence. Thus, educating about harmony, effort, and generosity may supply the very necessary and also greatly expected ingredient that we so dearly need as a society.

Through Cinemex, we continue to provide 72,367 promotional items from various movies to different organizations who benefit 56,100 people through their work. We have found in this activity a way of sharing a little of the “Magic of Movies”.

## SOCIAL LIAISON

For the third consecutive year, Grupo México Foundation invited the whole Grupo Mexico community and their families to participate actively in “Grupo México Foundation’s Volunteer Day”. The response each year is greater, so the scope and impact we achieve is also greater. Our employees and their families participated in reforestation, cleaning up, painting, remodeling, and giving maintenance to schools and institutions, thus benefiting 43,000 people in 14 states of the Mexican Republic. Volunteer Day managed to bring together 6,325 employees and family members of Minera México, Ferromex, Ferrosur, IMEX, Infraestructura, and Cinemex. This figure translates into a 149% increase compared to 2014. Simultaneously with the social work we can do on this day, we all come together as a great family; the Grupo Mexico Family.

The Social Liaison area, as we have mentioned at other times, is the pillar that provides support to all the Programs carried out in our Foundation, and which helps to “polish” the initiatives we develop.

Social Liaison shows us the communities that most need the services of Dr. Wagon. Likewise, this department developed and implemented the prevention and safety video alerting the communities adjacent to the railway to the passing of the Train. We broadcast this video in all the communities that the Health Train visits, in order to reduce the number of accidents and generate a culture of support and respect for the Railroad. Likewise, we developed educational material that is provided in the “Healthcare Education” workshops offered by the Health Train doctors to patients while they wait for their turn. Through these workshops, we are collaborating significantly towards the prevention and early detection of various diseases.

**Volunteer Day managed to bring together 6,325 employees and family members of Minera México, Ferromex, Ferrosur, IMEX, Infraestructura, and Cinemex. This figure translates into a 149% increase compared to 2014.**

### Social Liasion Results

6,325 volunteers

43,000 people benefited

Presence in 14 states of the Republic



In 2015, 19,775 people attended 598 workshops on the topics that most affect the communities we visit: violence in all its forms, sexuality, dental education, sanitary contingency, addictions, breast self-examination, and nutrition.

Social Liaison is also the one that comes up with the way to transform a railroad car into a movie theater on rails, or else, that helps us to make the most of the nurseries we have in Grupo Mexico to double the reforestations we carry out every year.

Likewise, this area is very important to the realization of our work; it provides support to carry out the *Premier* for Charity outside Mexico City, it organizes allies for our Congress, and it reinforces the promotion of the Network of Associations and Entrepreneurial Foundations to obtain the largest number of registrations.

## DR. WAGON, THE HEALTH TRAIN

2015 was the first full year of operations for the Health Train. Dr. Wagon visited 12 states: Nuevo León, Tlaxcala, Puebla, Veracruz, Zacatecas, Aguascalientes, Guanajuato, Hidalgo, Oaxaca, Baja California, Sonora, and Chihuahua. In each state, the Health Train provides its services over 17 days in 3 different communities. Dr. Wagon visited 36 communities, seeing 32,408 people; men and women of all ages who were given 148,756 medical cares. Likewise, with the support of Farmacias del Ahorro, 39,880 medicines were delivered so the people who needed them could begin their medical treatment on time.

Parallel to the basic comprehensive healthcare and prevention services offered through Dr. Wagon, as we mentioned above, education courses are provided. In 2015, 19,775 people attended 598 work-



shops on the topics that most affect the communities we visit: violence in all its forms, sexuality, dental education, sanitary contingency, addictions, breast self-examination, and nutrition.

We know that practice is not always the same as theory, and on our various visits, the doctors on the Health Train run into “cases” that are tough or alien to purely medical knowledge. Thus, and in order to further train all the doctors who serve on the Health Train, we set out to give them conferences that could be used as tools to provide a better service. Thereby, throughout the year, specialists on addictions and codependence, pregnancy, pharmacological use of drugs, and psychological support trained the doctors who are part of Dr. Wagon.

### Results from Dr. Wagon, the Health Train

- 12 states visited
- 36 communities benefited
- 32,408 patients cared for
- 148,756 medical cares
- 39,880 medicines delivered
- 19,775 attendants to 598 education workshops



Our operating team is aligned with the vision of being promoters of development.

To achieve it, we must know the common needs

and challenges faced in each place.

### SCOPE COMPARISON SOCIAL LIAISON MANAGEMENT

Project	No. of benefited		Total	Increase 2014-2015
	2014	2015		
FGM Volunteer Day	30,000	43,000	73,000	43%

Project	Volunteers		Total	Increase 2014-2015
	2014	2015		
	8,413	10,501	18,914	49%

### SCOPE COMPARISON EDUCATION AND ENVIRONMENT MANAGEMENT

Project	No. of benefited		Total	Increase 2014-2015
	2014	2015		
Reforestations	2,283,477	4,827,654	7,111,131	111%

	Trees donated		Total	Increase 2014-2015
	2014	2015		
	340,700	504,412	845,112	48%

	Volunteers		Total	Increase 2014-2015
	2014	2015		
	662	2,023	2,685	305%

Project	No. of benefited		Total	Increase 2014-2015
	2014	2015		
Community center	8,526 students	28,289 students	36,815	231%

### SCOPE COMPARISON CINEMEX AWARENESS AND INSTITUTION SUPPORT MANAGEMENT

Project	No. of Spectators		Total	Increase 2014-2015
	2014	2015		
Social Cineminutos	9,730,668	22,249,745	31,980,413	128%

	Institutions supported		Total	Increase 2014-2015
	2014	2015		
	9	12	21	33%

Project	Volunteers		Total	Increase 2014-2015
	2014	2015		
Donations in Kind	15,020	56,100	71,120	273%
	16 institutions	5 institutions		

Project	Institutions supported		Total	Increase 2014-2015
	2014	2015		
Foundation and Congress Expo	105	225	330	114%

Project	Institutions supported		Total	Increase 2014-2015
	2014	2015		
Premier for Charity	18	21	39	16%

### CSCOPE COMPARISON DR. WAGON, THE HEALTH TRAIN

Project	No. of Communities		Total	Increase 2014-2015
	2014	2015		
Dr. Wagon. the Health Train	21	36	57	71%

	Patients		Total	Increase 2014-2015
	2014	2015		
	17,758	32,408	50,166	82%

	Medical Cares		Total	Increase 2014-2015
	2014	2015		
	47,447	148,756	196,203	214%

	Kilometers		Total	Increase 2014-2015
	2014	2015		
	8,798	13,859	22,657	58%

	Workshops given		Total	Increase 2014-2015	Medication given
	2014	2015			
	336	598	934	16%	214,349



# ENVIRONMENTAL AND SOCIAL ACTIONS

Each year, our motivation grows.

In 2015, our investments in environmental and social matters totaled US\$322 million, translating

into a 24% increase.



Our business vision is aligned to

a comprehensive sustainable

development strategy.

## ENVIRONMENTAL AND SOCIAL ACTIONS

At Grupo Mexico, we bet on creating value in the environments where we are present, in line with the goals of our business. Thereby, we strive to achieve an ever more responsible operation in terms of social, economic, and environmental matters that will consider the expectations of our stakeholders and aim for the sustainability of the organization in time, in order to keep contributing to the country's development directly and indirectly.

Our business approach is one of Development with Purpose, to which we align our investments and the distribution of economic value, based on strengthening the environment in both a social and environmental sense, among our collaborators, communities, and the rest of our interest groups. We strive each day to consolidate the trust of all those who have relied on us, involving

them in the management, informing them of our performance, and listening to their expectations, in order to build together a shared value creation.

On a global level, there is growing interest from both individual and institutional investors in funding for sustainable companies. Given the relevance of this matter, we are very pleased to announce that for the fifth consecutive year, Grupo Mexico has been chosen to be a member of the Mexican Stock Exchange's Sustainability Index, a financial indicator that acknowledges the companies with the highest commitment to social responsibility, environmental performance, and corporate governance. This achievement has been possible thanks to the actions, plans, and programs that it has implemented, proving its commitment to sustainability.

## OUR ENVIRONMENTAL COMMITMENT

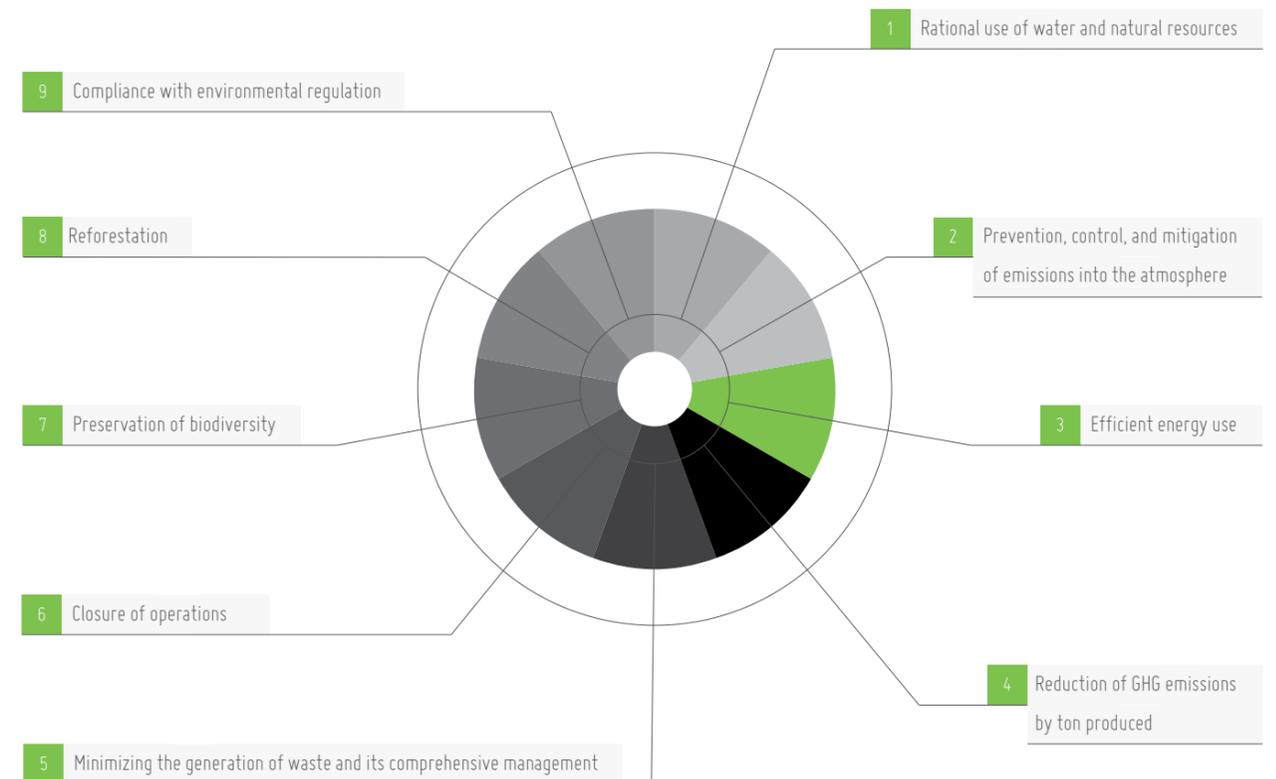
We maintain a permanent commitment to proceed in harmony with the challenges of expansion and modernization of the industries in which we participate. In this sense, we seek not only compliance with regulations, but we also operate following the best environmental practices, in order to consistently achieve an optimal environmental performance by identifying, evaluating, and mitigating the effects of our activities on the environment.

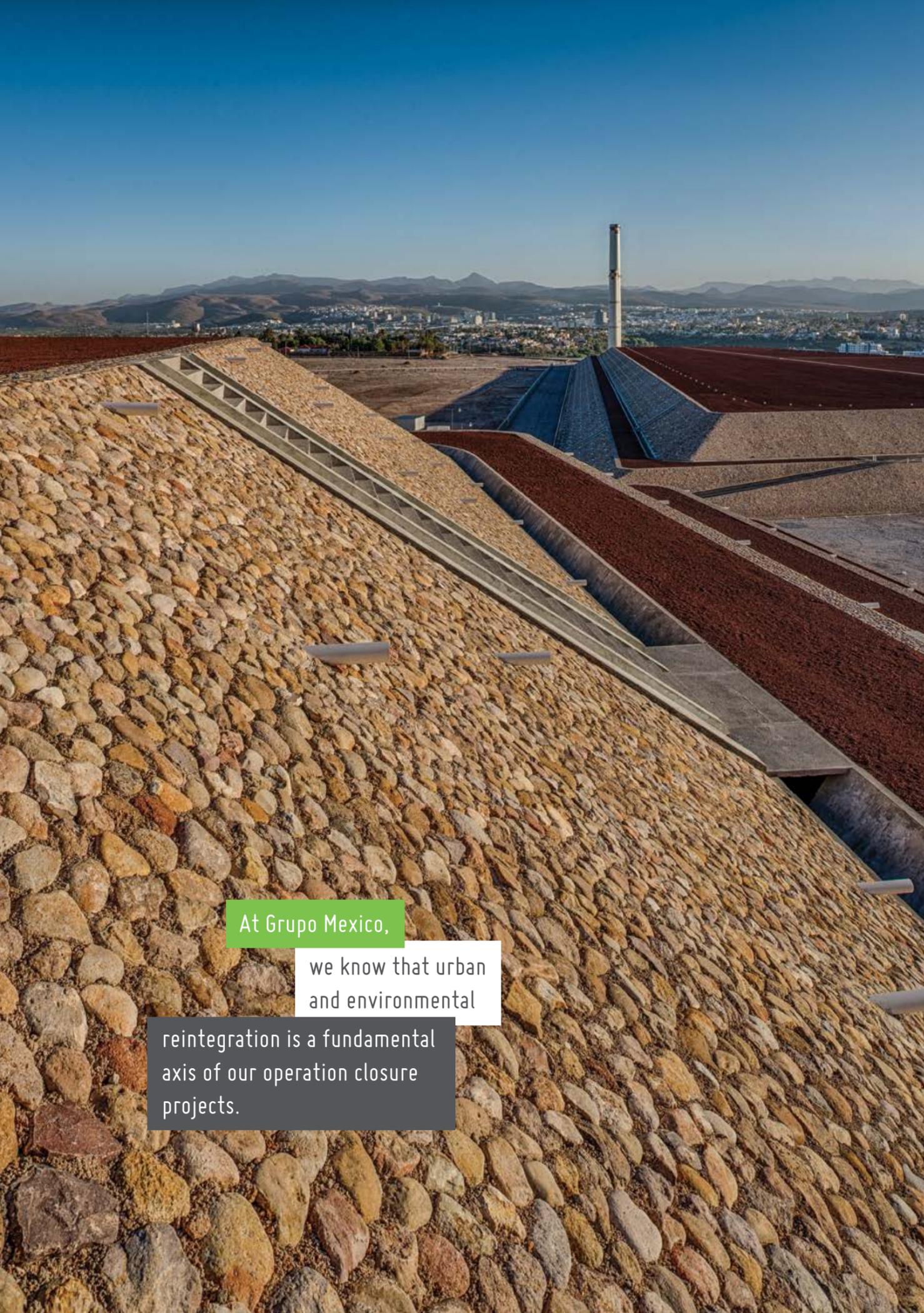
Thus, we have strategies that cover the specific environmental needs of each region, and we operate them through an environmental management system that we have developed along 9 lines of action:

In 2015, we materialized our commitment to reduce emissions through the diversification of energy, generating and employing cleaner sources.

## ENVIRONMENTAL BALANCE

IN DETAIL





At Grupo Mexico,

we know that urban and environmental

reintegration is a fundamental axis of our operation closure projects.

In all our Divisions, we go beyond the environmental regulation pertaining to us; our commitment surpasses the guidelines, and in striving for ongoing improvement, our environmental management systems are perfected everyday.

These lines of action are carried out within the framework of the international and local certifications that our operating units have in all three countries where we are present.

In 2015, we had 8 units certified in ISO 14001:2004. Together with the 12 Clean Industry certificates, and the 19 Environmental Quality certificates, this is a result of the efforts of each of our collaborators, and the transversal application of our environmental practices.

## ENVIRONMENTAL INVESTMENTS

(Millions of Dollars)

	Grupo México
Energy	\$ 2.66
Air	\$ 85.08
Soil	\$ 16.47
Waste	\$ 64.20
Biodiversity	\$ 16.21
Management	\$ 17.39
Water	\$ 33.77
<b>Total</b>	<b>\$ 235.78</b>

## ENERGY AND CLIMATE CHANGE

At Grupo Mexico, we are aware of the effects of climatic change and the possible impact on our operations; thus, anticipating an increase in the likelihood that extreme climatic events may occur, such as hurricanes, droughts, floods, and fires, we have identified the possible risks derived from global warming. In addition to the risks derived from the rising temperatures of the planet, we are also facing the effects of the new environmental policies and regulations that the governments of every country are adopting.

Given these challenges, at Grupo Mexico we have implemented actions aimed at:

- Making a more efficient use of energy.
- Diversifying our energy mix.
- Developing and using renewable energy sources.
- Increasing the level of electric energy self-supply.
- Promoting activities to capture greenhouse gas emissions (GGE).

Thus, we are betting on diversification towards cleaner and renewable energy generation sources for our supply. Through its subsidiary Mexico Generadora de Energia (MGE), the company has two combined cycle plants (La Caridad I and II), whose joint operation makes it possible to use the maximum potential of the energy contents of natural gas and the heat generated during their operation.

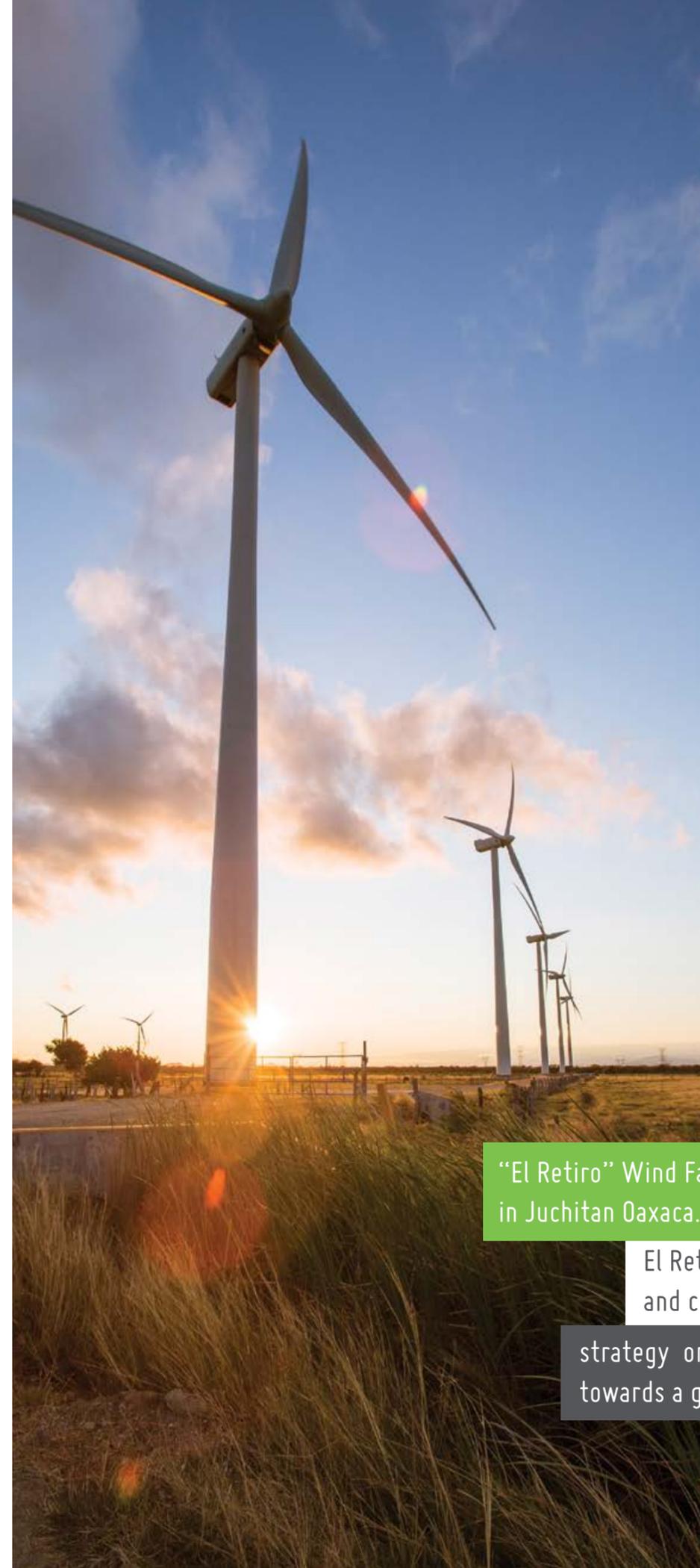
In Juchitan de Zaragoza, in the southwest of the state of Oaxaca, we find the El Retiro Wind Farm, which was started up in 2014, and already supplies renewable energy to

various units of the Mining and Transportation Divisions, as well as to Cinemex operations. With its 37 wind turbines, which undoubtedly contribute to the country's energy infrastructure, it produces 239 gigawatts-hour (GWh) annually, and has a potential for the mitigation of 120,000 tons of CO<sub>2</sub>eq per year.

By substituting traditional energy sources for those from combined cycle plants that make an efficient use of the cleaner fossil fuel (natural gas) and renewable energy (wind), in 2015 we managed to mitigate 237,379 tons of CO<sub>2</sub>eq.

In accordance with the company's climate change strategy, we are studying other possible wind and solar energy generation projects, in a bet for renewable sources that will build our future as energy generators. The goal is not only to produce renewable energy for our operations, but also to supply the market and contribute to the development of said projects in the country, in an effort that must be collective, as is the challenge that we face as a society, seeking to bequeath some legacy to future generations.

Grupo Mexico also contributes to the generation of renewable energy by third parties. Such is the case of our US operations, where we contribute to the development of photovoltaic solar energy, taking advantage of the great expanses of land that the mining operation requires. To this effect, following the implementation of solar project Avalon in 2014, we are now developing the second stage, also in association with Tucson Electric Power (TEP) and under the program of the Environmental Protection Agency (EPA), which encourages renewable energies in affected lands.



“El Retiro” Wind Farm  
in Juchitan Oaxaca.

El Retiro is part of a global  
and comprehensive

strategy on our path  
towards a green economy.



Together with the  
El Retiro Wind Farm,

our tree nurseries are  
key in our strategy to  
fight climate change

and minimize our  
carbon footprint.

This second stage seeks to increase production capacity from 35 to 58 megawatts (MW), generating enough energy to meet the consumption needs of 7,000 homes, in addition to taking advantage of lands previously affected by mining operations. Their startup by mid-2016 will help to achieve the goals of renewable energy sources in the state of Arizona, and will make it possible to prevent the emission of 53,000 tons of CO<sub>2</sub>eq per year.

In the Transportation Division, the diesel used by locomotives represents 99% of energy consumption. Therefore, we strive to make diesel consumption more efficient in terms of ton-kilometer of product hauled, as

well as to achieve considerable savings in benefit of the operation, enabling us to reduce the amount of emissions released into the atmosphere. Thereby, the implementation of the Automatic Equipment Start Stop (AESS) has enabled an energy efficiency in our motors when they are stopped or idle. Thanks to this mechanism, we will save 15.1 million liters of diesel in 2015, increasing savings by 7% vs. 2014.

Through these and other actions, Grupo Mexico confirms its commitment to reduce its carbon footprint and perform as a sustainable company, both on a national and international level, improving its competitiveness and helping in the transition towards a green economic development.

## BIODIVERSITY

Our operating units have forest nurseries whose production of regional species is destined to ecosystem reforestation and rehabilitation, including areas that are not adjacent to our operations.

Our reforestation projects supply a double value to the environment. On the one hand, they contribute to biological diversity and the enrichment of flora and fauna; on the other, they perform as carbon sinks, capturing CO<sub>2</sub> from the environment. The company has begun the studies to gauge the contribution that it makes by planting trees, including the differences between the species used, so it can maximize the related impact.

**We mitigate the environmental effects through compensation mechanisms, such as species rescue and relocation, soil preservation, and restoration and reforestation of affected areas.**

For Grupo Mexico, caring for biodiversity is closely linked to our respect for the place where we live.

As part of our effort to preserve species in danger of extinction, we have an Environmental Management Unit (UMA) in Buenavista del Cobre, comprising 1.3 hectares that have been conditioned to replicate the wildlife of threatened and endangered species, including the Mexican Gray Wolf and the Gould Turkey, among other species that are considered within our ambitious program and strategy centered in breeding and re-introduction, as well as is the regeneration of their habitats.

The UMA is a clear reflection of how we wish to involve the community in the common challenge of protection our environment, particularly the biological diversity of Sonora. This can be extended to the Ecological Path, where UMA is located, and where, along 1.8 kilometers, it offers educational and leisure activities, visited by roughly 5,000 people and an average of 52 schools per year. Furthermore, the Path is a very relevant facility in our reforestation efforts, with an annual production of 500,000 plants.

In the region of Tacna, from our operations in Peru, we continue to carry out significant investments and maintenance actions under the cleanup program for Ite Bay. With a surface of 1,600 hectares, this successful program to remove pollutants has translated into the broadest wetland with the widest diversity of waterfowl on the country's coastline, and it has also become a point of tourist attraction that favors economic development.



The Environmental Management Unit at Buenavista del Cobre

and the remediation of Ite Bay are but two

examples of the actions that Grupo Mexico carries out to preserve biodiversity.

## WATER MANAGEMENT

For our mining operations, water is the most important resource; thus, in order to guarantee the sustainability of this resource in the areas where we operate, we have developed projects to keep gaining greater efficiency in its use, boost reutilization, and use water discarded by other parties.

The efficient use of water and the water-saving programs are based on the following:

- Implementation of recovered water pumping systems.
- Continuous recovery of process water in tailings deposits and thickeners to reuse in favor of metallurgy.
- Implementation and maintenance of closed circuits to benefit from the total volume of process water.
- Zero Discharge of Waste Water Program, which aims for a more efficient management both of consumption and reuse of this resource within our mining operations.

Thanks to these programs, in 2015, recovered water represented 69% of the total consumption of our mining operations, minimizing the use and demand of freshwater.

The semi-desert environment of our operations in Arizona stands out for the suddenness and intensity of its rainfall, with water flowing in usually dry riverbeds. During 2015, at Ray mine, we invested US\$11 million to improve the drainage and channeling system to direct rainfall. This has become a key infrastructure of environmental and community protection, preventing the infiltration of materials into the environment in the case of intense climatic events. At Grupo Mexico, we seek to act in a comprehensive and preventive manner in the responsible use of water resources and to preserve their qualities, combining efficiency projects with initiatives to reduce and/or mitigate the effects on the environment.

At Grupo Mexico, we have done everything within our reach to care for and protect our communities, their rivers, and their lands. In line with our bet on sustainability, we have completed the cleanup and remediation works that resulted from the spill of acidified solution with copper sulfate on August 6, 2014, at a dam located at our Buenavista del Cobre operations.

On August 7, 2014, we set in motion the contingency plan to contain and gather the materials released, as well as to minimize their dispersion.

To this purpose, we built a contingency levee. Limestone and limestone slurry were used to neutralize the solution, and soil and sediments were gathered from the riverbed, completing the cleanup process in October 2014.

By taking the immediate steps in response to the contingency, the load of pollutants in the water decreased significantly. Thus, on August 27, 2014, the Deputy of the Agriculture, Livestock, Rural Development, Fishing, and Food Department (SAGARPA in Spanish) declared that the 500-meter stretch on the border of the Sonora and Bacanuchi rivers had not been affected by the pollutants.

In addition to doing important work to prevent damages to the river, in 2015 we implemented a remediation program whose actions were very effective.

Through the initial cleanup and ensuing remediation, we were able to gather a greater amount of metals than were contained in the spill, explained by the geology of the area, which is marked by highly mineralized geologic formations.

When Sonora and our communities were at risk, we provided support immediately and unconditionally to guarantee all the needs of the population. We compensated all those who could have been affected by the potential consequences of the cautionary measures and the ban on water, establishing a trust whose technical committee was created to include representatives from the federal government, the company, and specialists, assisted by a team of environmental experts, in order to guarantee the proper use of the funds supplied. Through this mechanism, we have invested over US\$70 million in the supply of potable water, the setup of water infrastructure, as well as compensation to farmers, livestock owners, and the population in general, among other efforts. Grupo Mexico continues to fulfill its commitment to carry out environmental and sanitary monitoring along the Sonora and Bacanuchi rivers, and we continue to work on reforesting those areas of the river that were hit by hurricane Odile.

This is to make sure that there are no negative effects to the environment or the population, and to add to our quest for Development with Purpose.

We have always done  
and will continue to  
do everything  
within our reach  
to care for and protect  
our communities, their  
rivers, and their lands.



The Tamosura Park offers a unique opportunity for personal development.

It has 56 hectares of public spaces including

healthcare, sports, amusement, and leisure services.

## OUR COMMUNITIES

As a company, we are immersed in a rich and diverse environment, with communities in which we seek to create opportunities and help to trigger endogenous transformation processes, prioritizing the installation of capacities that will allow the efforts to transcend and become drivers of change. Our model of community development is based on this approach, and is set in motion through different tools: community committees, Casa Grande, social investment fund, calls for projects, and corporate volunteering.

In line with our goal of creating value and promoting the development of the communities which we are a part of, we implement solid social liaison adapted to the needs and specific situations of the localities where we operate, in Mexico, Peru, and the US. We understand social wellbeing as the synergy of various factors, which we seek to strengthen through a multifocal strategy, in close dialogue with the communities. Thus, we strengthen health, education, culture, and sports, among other aspects.

## INVESTMENTS IN COMMUNITY DEVELOPMENT (DOLLARS)

(Dollars)

### Program

Community development	Social liaison	\$ 668,808
	Programs for community development	\$ 8,028,759
	Sponsorships and donations	\$ 11,042,965
	Infrastructure and equipment in adjacent neighborhoods	\$ 50,143,343
Employees and communities	Investment in education	\$ 586,592
	Sports and cultural promotion	\$ 901,527
	Infrastructure investment in GMEXICO neighborhoods	\$ 15,034,969

### Total

Grupo Mexico	
\$	668,808
\$	8,028,759
\$	11,042,965
\$	50,143,343
\$	586,592
\$	901,527
\$	15,034,969
<b>\$</b>	<b>86,406,964</b>

The installation of capacities, education, and purposeful leadership are fundamental axes in Grupo Mexico's Community Development approach, materialized through our "Casa Grande" model.



We understand  
that a community's

permanence and sustainable  
development are intricately

linked to the quality  
and competitiveness  
of education.

Based on community assessments in which the local population participate, we identify needs and expectations to prioritize the areas we must work on, which are channeled through the Casa Grande model. This model comprises the Group's own initiatives, materialized through our team of experts, volunteers from the company and the community, and the community centers created as points for meeting, interacting, and building shared value. In 2015, we should note the participation of 6,946 volunteers from the community, who were key in increasing the social capital of the environments where we operate.

Added to this are calls for projects so the community organizations can present their own initiatives. In 2015, we established the topics of education and the environment as main work axes, and added healthcare and security, and productive development as complementary axes. Likewise, children and young people are a priority to us, because we know that by paying particular attention to them, we transcend to the generations that will set the pace in the future. The projects presented in these calls are assessed by the community committees—mixed bodies comprised by Grupo Mexico and the community—to foster dialogue and citizen participation.

By yearend, the Mining Division (through its operations in Mexico) and the Infrastructure Division totaled 16 operations and explorations spread through 11 states, under the Casa Grande model already implemented, and through which we launched 6 calls for projects and financed 76 initiatives. Thus, we continue to progress in our Development with Purpose, with a long-term view, and the construction of strategic alliances to strengthen the communities that we are a part of.

In Peru, our operations are in the south of the country—a farming and livestock-raising environment, where water is a key resource. We seek to expand the development and self-management capacity of

the communities and, following this approach, we are contributing to the development of water supply infrastructure, as well as of irrigation modernization projects and bolstering of fruit and cattle production, in the provinces of Candarave and Jorge Basadre.

Likewise, we have set in motion the Candarave Development Fund to implement projects defined as priorities by the authority and the communities that participate in a round table, which also fosters the economic development of the area, as local companies are hired to execute them.

Backing women's enterprises is also one of our goals, creating opportunities for their professional development and contributing to strengthen families' economy. In the Peruvian province of Mariscal Nieto, we are developing the Enterprising Toratan Women (Torateñas Emprendedoras) program, training 40 women in bread-making, baking, preparation of nectars, and dairy. We are pleased to see that, before yearend, the

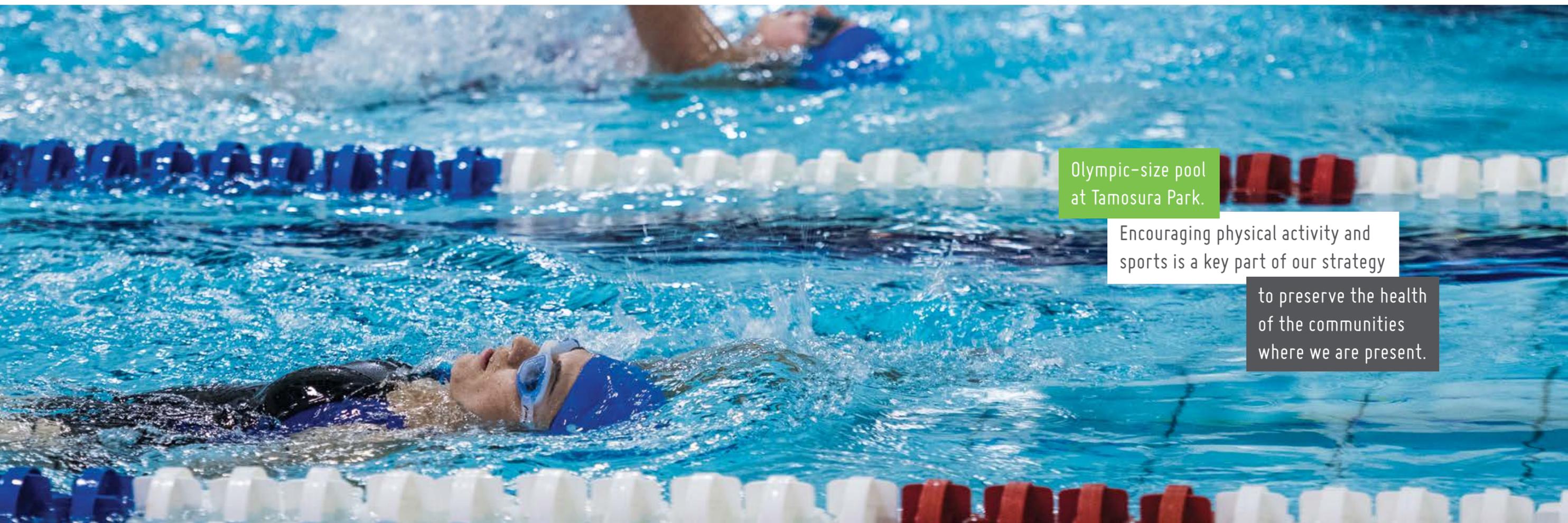
Thanks to the commitment of the people who participate in our community development centers, we have succeeded in supporting productive projects that make it possible to boost the diversification of the communities where we operate.

participants of the program had already set up two companies where they applied the knowledge they acquired. Our support for future professionals is expressed through programs like Youth Enterprising for Success, thanks to which 508 participants were trained in company management, finance, and personal development, among other topics. We should note that 15 of them were rewarded with Seed Capital to start up their businesses.

In the US, we continue to strengthen the involvement of the working community and their families through educational, sports, and cultural activities, which also include

the participation of associations, students, and institutions from our adjacent neighborhoods. We have sponsored family events, as well as supported associations and clubs through the operation, maintenance, labor, inputs, and materials for recreation centers, basketball courts, bowling alleys, and swimming pools.

Continuing with our goal to contribute to the socioeconomic development of the areas where we operate, the Transportation Division has a railway line that joins Chihuahua and Sinaloa, and operates the train known as El Chepe, which is a strategic means of transportation for



Olympic-size pool at Tamosura Park.

Encouraging physical activity and sports is a key part of our strategy

to preserve the health of the communities where we are present.

the inhabitants of these states. It is important to highlight that, ever since we received the concession for the service, we have implemented a social fare program, in coordination with the Chihuahua state government, destined to the Tarahumara population and individuals with low resources whose only means of transportation is the train, which benefited over 33,958 people in 2015.

In 2015, the Health Train, known as Doctor Railcar, operated for the first time throughout the period, after having been started a year earlier. In order to provide free comprehensive healthcare services to the marginalized communities in the vicinity of the railway line, and thanks to the joint work of Grupo México Foundation and Ferromex, Doctor Railcar visited 12 states: Nuevo León, Tlaxcala, Puebla, Veracruz, Zacatecas, Aguascalientes, Guanajuato, Hidalgo, Oaxaca, Baja California, Sonora, and Chihuahua.

At Grupo Mexico, we maintain our strong commitment to continuously improve the quality of life of the communities where we operate, fostering the structures of community liaison and collective participation that will trigger the common wellbeing, making people the key generators of development.

The efforts mentioned throughout this chapter are part of Grupo Mexico's business model. To obtain further information regarding our performance and activities in terms of sustainability, we invite you to view our 2015 Sustainable Development Report at our website: [www.gmexico.com](http://www.gmexico.com)

**Our team has a vision of being a key promotor of development. To achieve this, it is necessary to understand the underlying needs and challenges of each community.**

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Yazmín Torres Martínez

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Cinemex Awareness  
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