



DOE RUN PERU

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October 5, 2007

Mr. Richard Fuller
President
The Blacksmith Institute
2014 5th Avenue
New York, NY 10035
U.S.A.-

Dear Mr. Fuller,

We are writing you to comment on the inclusion of La Oroya, Peru, in The Blacksmith Institute 2007 Report listing of the ten most polluted cities in the world (the "Report").

As a company, Doe Run Peru acknowledges the significance of the environmental problems in La Oroya and shares your concern about their consequences and the need to increase public awareness about them. At the same time, in order to make your work more effective, we believe it is important for your organization to have a good understanding of the historic background of La Oroya, as well as the progress that the city has made during the last decade.

The Metallurgical Complex of La Oroya (the Complex) was built by the Cerro de Pasco Corporation (CPC) in 1922, for the purpose of centralizing the processing of the great amount and wide variety of ore that it sourced from its many mines in central Peru. The location selected for the Complex was a previously uninhabited crossroads between the mining districts of the Peruvian central highlands, and the port of El Callao (Lima). Over subsequent decades, as the Complex grew in importance, the city of La Oroya expanded around it.

In 1974, the Peruvian government nationalized the Complex and assigned it, along with the other CPC assets, to the state-owned company Centromin Peru S.A. (Centromin). Centromin was responsible for the administration of the Complex until its privatization and transfer to Doe Run Peru on October 24, 1997.

The Complex is one of the world's most technically challenging metallurgical facilities, processing three different concentrates, and producing eleven different metals and nine byproducts. Between 1922 and 1997, the previous owners of the Complex, including the Peruvian State, implemented minimal environmental management policies. The unchecked processes of the smelter during more than seven decades, due in large measure to the virtual absence of environmental controls, resulted in the extremely complicated problems that continue to affect La Oroya today. By contrast, through major investments in modern and clean technologies, Doe Run Peru has already succeeded in significantly reducing the impact of its ongoing operations. Doe Run Peru remains absolutely committed to the continuous improvement of the environmental performance of the Complex; however, the achievement of long-lasting sustainable solutions to La

Oroya's problems will continue requiring the commitment and teamwork of the national and local authorities, civil society, and the citizens of La Oroya.

Doe Run Peru has already invested US\$135 million in environmental upgrade projects, and has committed to invest a total of approximately US\$244 million, equivalent to 2.3 times the original commitment of US\$107.5 million. These investments have enabled significant improvements, including:

- An 88% reduction of overall discharges to the Mantaro River and its tributaries; the few remaining discharges comply with international standards for agricultural water. Consequently, after eighty-five years, the Complex stopped being a source of pollution of the Mantaro River. This has required an investment of over US\$39 million.
- A reduction of fugitive emissions of heavy-metals and dust, thanks to the execution of complementary projects, including the building of enclosures, paving of the Complex, and several operational upgrades and improvements.
- A 50% reduction in metal and particulate matter emissions from the main stack.
- A 65% reduction in the level of lead in the air of La Oroya, allowing the Complex to comply since March 2007, and for the first time ever, with the monthly air quality standards.
- A 20% reduction in SO₂ emissions thanks to the upgrade of the sulfuric acid plant of the zinc circuit completed in December 2006. Further reductions of SO₂ emissions will be accomplished when the sulfuric acid plants of the lead circuit (projected completion: September 2008) and the copper circuit (projected completion: October 2009) become operational.

At Doe Run Peru, we welcome the heightened scrutiny of civil society, non-governmental organizations and the media. We were surprised, however, to see outdated photographs of the metallurgical facility, as well as photographs of locations other than La Oroya, erroneously presented in your Report as part of our operations¹. We encourage you to correct these errors of fact, as they call into question the consistency, depth, and rigor of your organization's research. As background, we are attaching current photographic material of the Complex and of the city of La Oroya.

The Report issued by your organization also states as a health impact that, "...*absurdly large rates of premature deaths are linked to noxious gasses from the smelter.*" This assertion appears to contradict available data and information about the state of public health in La Oroya (e.g. statistics from the Ministry of Health and the Human Development Index – HDI – put together by the United Nations Development Program). We would welcome the opportunity to get a better understanding of the basis for your assertion.

For your knowledge, the Peruvian government, through the Ministry of Health (MINSA) and the General Bureau of Environmental Health (DIGESA), is leading an integrated health program in La Oroya, to continue reducing significantly the blood lead levels in 6 month to 6 year-old children. As a company, we have been supporting this program since July 2003, together with other appropriate public institutions. It is also worth

¹ Photographs credited to Mr. Mathew Burpee of the Blacksmith Institute of what appears to be the Morococha area, distant about 20 miles from La Oroya. Doe Run Peru has no operations in this area and tallings displayed belong to other entities or corporations with which it has no corporate relationship.

highlighting that the average blood-lead levels in our lead-exposed workers are in line with the levels set forth by the International Labour Organization (ILO) for male and female workers.

We cordially invite you to visit the city of La Oroya and surrounding communities, as well as our operations, as we understand you have done with at least one other city on your organization's list. This would enable you to gain first hand knowledge of our efforts, as well as the improvements that La Oroya has experienced over the last 10 years. In addition, we kindly request that you also post this letter on your website as offered in your communication of June 5, 2007.

Sincerely yours,

A handwritten signature in blue ink, appearing to read "Juan Carlos Huyhua", with a horizontal line drawn underneath it.

Juan Carlos Huyhua
President and General Manager
Doe Run Peru S.R.L.