

SOUTHERN COPPER CORPORATION

Moderator: Genaro Guerrero
February 3, 2009
10:00 am CT

Operator: Good morning and welcome to the Southern Copper Corporation's Fourth Quarter 2008 Results conference call. With us this morning we have Southern Copper Corporation's, Mr. Genaro Guerrero, Chief Financial Officer and head of investor relations, who will discuss the results of the company for the fourth quarter and to answer any questions that you might have.

The information discussed on today's call may include forward looking statements regarding the company's results and prospects which are subject to risks and uncertainties. Actual results may differ materially and the company cautions to not place undue reliance on these forward looking statements.

Southern Copper Corporation undertakes no obligation to publicly update or revise any forward looking statement whether as a result of new information, future events or otherwise. All results are expressed in full US GAAP. Now I will pass the call onto Mr. Raul Jacob.

Raul Jacob: Thank you very much (Rebecca) and thank you everyone again for joining us for the fourth quarter 2008 Southern Copper Results conference call. Participating in today's conference we have Genaro Guerrero, Southern Copper's CFO. Mr. Guerrero will now lead the conference.

Genaro Guerrero: Thank you Raul. Good morning everyone and welcome to Southern Copper Corporation Fourth Quarter '08 and Final Year 2008 Results conference call.

Today I will comment on Southern Copper production sales, operating cost, financial results and capital expenses. After that we will open the session for questions.

As we all know, the world's economic recession has severely impacted commodity prices. Corporate has deteriorated sharply, the LME 2008 Fourth Quarter average corporate price was \$1.77 per pound, lower by 46% than the \$3.26 per pound average for the same quarter of 2007 and 49% lower than the third quarter of 2008.

In fact, 2008 ended with an LME corporate price of \$1.32 per pound. Major drivers for current corporate prices are demand contraction and inventory built up. We expect both of them to prevail for at least the first half of 2009.

However, we also believe that demand will stop declining and start growing at certain points close to mid 2009, after China and other major consumers finish their destocking process,. The demand recovery will certainly depend on how fast the global economy turns around again to growth.

On the supply side, several copper producers have announced production cuts for approximately 100,000 MT in 2009. However, there are still several operating units worldwide that have higher cash cost than current market prices. As the new low price scenario deploys, we expect some additional announcements on mine closures for 2009 that will help to balance the market.

Southern Copper fourth quarter '08 copper production was 125,000 tons, 1% lower than the fourth quarter of 2007 but 6% higher than the third quarter '08.

Regarding our copper smelting and refining production, in the fourth quarter 2008 such production was 29% and 26% higher than in the fourth quarter 2007, mainly due to 7% higher concentrates production at La Caridad Mine, processing of third party concentrates at La Caridad smelter and the full capacity production of our Ilo smelter plant after the conclusion of its modernization. In August 2008, taking advantage of the first major maintenance to this plant we made some operational adjustments to it that will allow the plant to process 1.2 million tons of copper concentrates, that is a 20% increase in the smelting rate.

We expect copper production and sales to be approximately 417,000 tons for the full year of 2009.

Please note that in all production guidance we are not going to consider the Cananea, San Martín and Taxco operations due to the currently labor stoppages that we have in such operations. If we were to do that, we should add approximately 15,000 MT of additional copper production per month of operation at full capacity.

Molybdenum prices were \$14.6 per pound for the fourth quarter 2008, 54% lower than the fourth quarter 2007. The molybdenum price at the end of 2008 was \$9.50 per pound.

Molybdenum production was 4,029 tons and 16,390 tons in the fourth quarter '08 and the year '08 respectively, compared with the 4,261 tons and 16,207 tons in the comparable 2007 periods. The annual increase of 1.1% was due to higher ore grade at La Caridad Mine and higher recovery at Cuajone Mine, partially offset by lower ore grade at Toquepala operation.

Our production and sales plan for 2009 are 17,000 tons.

Regarding zinc - in the fourth quarter 2008, LME price averaged 54 cents per pound, 55% lower than the fourth quarter 2007. The year ending price was 51 cents per pound.

Zinc mine production in the fourth quarter '08 increased 6.7% to 27,706 tons compared with the 25,964 tons in the fourth quarter 2007.

Refined zinc production for the year 2008 was 95,420 tons, 5.1% higher than in the year 2007.

The company expects to sell 98,000 tons of zinc during 2009.

In respect with silver, silver COMEX prices in the fourth quarter 2008 averaged \$10.15 per ounce, 29% lower than the fourth quarter 2007. The 2008 year end price of silver was \$11.27 per ounce.

Silver mine production in the fourth quarter 2008 increased 2% to 3.1 million ounces compared with the 3 million in the fourth quarter 2007. Refined silver production for the year '08 was 10.8 million, 8% higher than the year 2007 due to the recovery of full capacity at the San Luis Potosi refinery.

Company expects to sell 16K million ounces of silver in 2009.

Southern Copper sulfuric acid production during the fourth quarter 2008 was 473,000 tons, 22% more than the fourth quarter 2007 due to the better smelting performance at the Ilo and La Caridad smelters. For the full year 2008 the company produced 6% more sulfuric acid than in 2007. Please note that the 18% of the total production is consumed by Southern Copper Corporation's SX/EW and leaching processes.

Our current sulfuric acid production guidance for 2009 is 1,565 tons.

As I already mentioned during the last quarter we had a dramatic drop in metal prices that has severely affected our fourth quarter 2008 results.

Following generally accepted accounting principles and the terms and conditions on our sales contracts, Southern Copper Corporation has a portion of its sales provisionally priced using the forward curve in case of copper and the last available quote for molybdenum concentrates. These provisional priced sales are finally adjusted using the average price in subsequent periods.

During the fourth quarter we recorded a negative provisionally price adjustment of \$409 million for such open sales. This figure compares to a negative provisional price adjustment of \$67 million recorded in the fourth quarter 2007.

The estimated adjustment on open sales is recorded under net sales and the provisional price metal volumes sold for copper and molybdenum are disclosed in our 10Ks and 10Qs.

Net sales for the fourth quarter were \$450 million compared to the \$1,295 million for the fourth quarter 2007.

Fourth quarter 2008 sales without the already mentioned price adjustments were \$859 million. This figure compares to \$1,361 million for the fourth quarter 2007.

Copper volume sold increased by 4.4% when comparing fourth quarter '08 with its 2007 equivalent.

Molybdenum volume sold increased by 1.3% for the full year 2008.

Additionally, during the fourth quarter 2008 we held 30,000 tons of copper derivative contracts with an average floor price of \$3.40 per pound of copper. In the fourth quarter of 2008 we had gains recorded in net sales of \$74 million and \$137 million gain for the full year 2008 for such derivatives.

Total operating costs for fourth quarter '08 was \$581 million. This figure compares with a cost of \$663 million in the fourth quarter 2007 or \$764 million in the third quarter of 2008.

The cost reduction from the third quarter to the fourth quarter of 2008 of \$183 million is explained by the following variances:

Full cost decrease of \$6 million.

\$30 million in power cost reduction, mainly due to lower tariffs at the Peruvian operations.

Third party copper purchases decrease by \$48 million as a result of lower metal prices.

And other cost reductions of \$96 million including workers profit sharing and mining royalties.

The fourth quarter 2008 EBITDA was negative \$49 million, this figure compares with a \$712 million for the fourth quarter of 2007.

EBITDA without price adjustments was \$327 million for the fourth quarter of 2008, equivalent to 38% of sales. This figure compares with an EBITDA of \$773 million or 57% of net sales for the same period of 2007.

The company's fourth quarter 2008 cash cost per pound of copper produced before byproduct credits was \$1.50 per pound, 6 cents lower than the \$1.56 per pound for the same period of 2007 and 52 cents lower than the \$2.02 per pound in the third quarter of 2008.

The company operating cash cost including the benefit of byproduct credits was \$1.17 per pound in the fourth quarter of 2008. Byproduct credits were affected by the adjustments necessary to write-down provisionally priced sales. The impact of this write-down reduces byproducts credit by approximately 60.8 cents per pound. Excluding the effect of this adjustment, the company estimates that the operating cash cost in the fourth quarter 2008 would have been 56 cents per pound.

Net earnings in the year 2008 totaled \$1,407 million or diluted earnings per share of \$1.60 compared with the \$2,216 million or diluted earnings per share of \$2.51 in the year 2007.

Net loss in the fourth quarter 2008 totaled \$125 million or diluted loss per share of 14 cents compared to net earnings of \$311 million or diluted earnings per share of 35 cents in the fourth quarter 2007.

Excluding the effect of sale adjustments, fourth quarter '08 net earnings would have been \$130 million. The equivalent 2007 figure would have been \$353 million.

All of our capital projects have been suspended temporarily or are under close review. The company believes this is a responsible action to take, considering the current economic downturn. And also it is prudent at this time to preserve cash in response to low metal prices and current cost of capital equipment.

As a consequence the company has decided to reduce its expected 2009 budget from over \$1 billion to \$415 million including explorations which represents the minimum investments the company will maintain in 2009 to be ready to move forward when circumstances improve.

Southern Copper Corporation will continue with their environmental projects at its mining and metallurgical facilities and will move toward completion of some minor projects with a short payback and good returns.

In respect of Tia Maria projects Southern Copper has expended \$118 million until December 2008 and currently is evaluating whether to put this project on hold or to slowdown the spending in light of the current market conditions.

As of December 31, 2008 we have spent \$38 million for the Toquepala expansion. We are continuing with the feasibility study as well as the basic and detailed engineering. The environmental impact assessment is also underway and is expected to be completed in the fourth quarter of 2009. The company has decided to put on hold any new additional capital expenditures regarding this project.

For the Cuajone expansion project we have signed a feasibility study contract and will only continue at this point with the engineering and the environmental impact assessment.

Regarding maintenance and replacement capital the company is budgeting \$81 million for this concept for the year 2009.

By taking the mentioned actions the company believes it will be able to take advantage of more reasonable capital equipment cost in the future, aligned with current circumstances.

About Cananea's strike - in December 2008 the Mexican Federal Labor Court ruled in favor of the company and declared the Cananea strike illegal. The union appealed this decision and on January 7th the judge of the Fifth District on labor matters annulled the decision favorable to the company.

The company has filed a request to review this judge's decision and will maintain the corresponding legal process to review such decision and continue pursuing a positive resolution of the work stoppage.

Regarding dividends, I would like to remind you that it is the company policy to review at each Board Meeting the capital investment plan, cash resources and expected future cashflow generation from operations in order to determine the appropriate quarterly dividend. Accordingly, on January 29, 2009 the Board of Directors authorized a dividend of 11.7 cents per share to be paid on March 30, 2009 to shareholders of record as of March 11, 2009.

In addition, as part of the 500 million share repurchase program approved by the Board in 2008, Southern Copper has purchased 29.6 million of its common stock at an average price of \$13.52 per share. With these repurchases the outstanding shareholders have increased their stake in the company by around 3.5%.

Ladies and gentlemen thank you very much for joining us and we would like to open the floor for questions. Thank you.

Operator: At this time if you do have a question press star 1 on your touchtone phone. Our first question comes from (George Erstan) from Deutsche Bank. Go ahead please.

(Jorge Erstan): Hi, good morning gentlemen. I just wanted to make sure I heard the correct copper guidance correctly. You did state that you would be missing some 15,000 tons I believe per month. And then you named various mines. Could you just recap that?

And in summary, I just need to know what is your baseline guidance for 2009 for copper production and also for molybdenum.

Genaro Guerrero: Sure (Jorge). The 15,000 metric tons of additional copper production per month is basic - basically Cananea production at full capacity. Then again we are not considering that production and our guidance for 2009 is for 470,000 tons for the full year.

(Jorge Erstan): Sorry.

((Crosstalk))

(Jorge Erstan): 4-1-7?

Genaro Guerrero: It's 4-7-0.

(Jorge Erstan): Oh. 4-7-0. Okay. Thank you. And for molybdenum?

Genaro Guerrero: For molybdenum it's 1-7, 17,000 tons.

(Jorge Erstan): Okay. And could you talk a little bit about unit costs? Obviously the calculation of the unit costs was affected in the fourth quarter by all the provisional pricing net backs.

But roughly speaking based on what you quoted as being the fourth quarter net cash costs of about 56 cents where would you see net unit costs going - holding molybdenum prices constant and knowing what you know about your predicted production for 2009?

How much more do you think you can get that unit cost down on a percentage or a cents per pound basis in '09?

Genaro Guerrero: Well (Jorge) for 2009 we are expected to get a cash cost of around 60 cents per pound. This is considering or we are calculating that considering an EBITDA of \$1.2 billion for the year. You've seen a copper price of \$1.75.

And this is - and that is very close to the 56.8 or 67 cents per pound that we got in the fourth quarter 2008 if we exclude the adjustment that we recorded during that quarter for adjustment in prices.

(Jorge Erstan): And what molybdenum price are you baking into that assumption?

Genaro Guerrero: \$10.00 per pound.

Raul Jacob: (Jorge) I'd like to add - this is Raul Jacob. I'd like to add that the fourth quarter has usually a little bit more production for Southern Copper than the first three quarters of the year.

So the 60 cents it's a conservative position that the company has taken. Even though we are seeing some cost reductions developing in the first quarter we are not considering them in the 60 cents cash costs indicated by Genaro.

(Jorge Erstan): And sorry what was your full year '08 cash cost on average, cents per pound?

Genaro Guerrero: Before (unintelligible) it was...

(Jorge Erstan): No, including everything, not...

Genaro Guerrero: ...I'm going to say both of them (Jorge). Before byproduct trades was
(unintelligible) credits it was-\$1.71. After byproduct trades (unintelligible) 34
cents.

(Jorge Erstan): Thank you.

Operator: Our next question is from (Carlos De Alba) from Morgan Stanley. Go ahead
please.

(Carlos De Alba): Yes, good morning. I just wanted to know how much tons of concentrated did
you buy in the fourth quarter?

Genaro Guerrero: During the fourth quarter you said?

(Carlos De Alba): Yeah.

Raul Jacob: (Jorge), about 110,000 tons of copper concentrate that has about 30,000 tons
of copper.

(Carlos De Alba): 110,000 tons. Okay.

Raul Jacob: That was concentrate.

(Carlos De Alba): Right.

Raul Jacob: With about 30,000 tons of copper.

(Carlos De Alba): Okay. Great. Yeah, those were my questions. All the others have been answered already. Thank you.

Operator: Our next question is from (Alonzo Amburro) from (Standander). Go ahead please.

(Alonzo Amburro): Yes, hi good morning. I was wondering if you had clarified a roughly moly portion of your sales remain as provisional for future prices in this quarter. My second question would be if you still have any agents for 2009.

Genaro Guerrero: Can you repeat your first question please?

(Alonzo Amburro): Yeah, sorry. Were there - what percentage of your sales remain as provisional of future prices?

Genaro Guerrero: For the next quarter?

((Crosstalk))

Genaro Guerrero: It's around \$174 million. It's our future sales that are still open.

(Alonzo Amburro): Are those mostly corporate sales or both corporate and moly?

Genaro Guerrero: Both corporate and moly.

(Alonzo Amburro): Okay. And do you have any hedges left in '09?

Genaro Guerrero: No. We don't have any hedge for 2009. We are in the process of analyzing to see if we are going - to get in a 2009 (program).

(Alonzo Amburro): Great. Thank you.

Operator: Our next question is from (Jamie Nicholson) from Credit Suisse. Go ahead please.

(Jamie Nicholson): Yes. Actually if I could ask a clarification on just that last question. You said \$174 million of your sales in '09 are provisional. Can you - is that what you're expecting - I mean can you just elaborate on what that means in terms of your expectation for offset on revenues?

And is that in the fourth quarter or throughout multiple periods in '09?

Genaro Guerrero: Well this \$174 million is what it's spending. And it's the open position that we have for the next quarter.

(Jamie Nicholson): In first quarter '09 that's what you - that amount you expect to have offsetting your revenue?

Genaro Guerrero: Well that is what is going to take price during - in the future, in the subsequent periods. And of course this is, as I mentioned, is considered in the copper (crude) price - the copper forward (crude) price and the last price of molybdenum that we know.

And of course if these prices go up or go down then this number is going to change and it's going to - it depends on the date or the periods when the sales are taking prices.

(Jamie Nicholson): Okay. So it's based on the current copper futures curve and it's mostly just for the first quarter. Is that right?

Genaro Guerrero: Well it's not exactly the first quarter because it's - sales are open and the sales can take price during January or can take price in February or in the subsequent months. But more or less it's a quarter.

(Jamie Nicholson): Okay. Thanks so much. And then my other question relates to Cananea. I know there's a lot of uncertainty regarding the labor issues and opening that. But do you have - what is the cost structure of Cananea and is there a certain minimum copper price outlook before you would consider opening that from an economic perspective?

Can you just clarify what the cost structure is of Cananea or your expected cost structure of that mine is? Thank you.

Genaro Guerrero: Thank you. Raul do you have some numbers that we can...

Raul Jacob: Yes.

Genaro Guerrero: ...share in this respect?

Raul Jacob: Yes. (Jamie) hi. Cananea has a cash cost of about 77 cents per pound. In this case the company will move forward as soon as we can with the opening of the operation. And always, as long as we have the appropriate conditions to operate and we are looking for - to get to that point.

Also, I'd like to comment a little bit on the open sales question that you did. We always have an open sales adjustment all the quarters. But usually they go (unintelligible) because we move in a certain band of prices. Problems or significant adjustments arise when we have a change in trend which is what happened in the fourth quarter of 2008.

(Jamie Nicholson): Okay, great. Thanks so much for the clarification. Thank you guys.

Genaro Guerrero: Thank you.

Operator: Our next question is from (Jack Frankie) from (Duquince) Capital. Go ahead please.

(Jack Frankie): Hi guys. Thanks for taking my call. Just on the '09 guidance what zinc and silver prices in the guidance as well?

Genaro Guerrero: Yes. The zinc price that we take was 60 cents per pound.

(Jack Frankie): Okay.

Genaro Guerrero: And the silver - excuse me?

(Jack Frankie): Thank you. And what's the silver?

Genaro Guerrero: Silver - \$10 per ounce.

(Jack Frankie): Okay. And just so I'm clear you guys are using \$10 moly and \$1.75 copper?

Genaro Guerrero: That's correct.

(Jack Frankie): Okay. Thank you very much.

Genaro Guerrero: No problem.

Operator: Our next question is from (Daniel Maury) from (Calpa) Security. Go ahead please.

(Daniel Maury): Hello. Thank you for taking my call. I was wondering if you could tell me what range of copper prices would you be reconsidering resuming the Toquepala expansion project, the Tia Maria project.

And about the Cananea strike I know it's really hard but I was wondering if you have a date in mind about when will - the mine will be fully operational again.

Genaro Guerrero: Raul do you want to take the first part of the question?

Raul Jacob: I couldn't copy it well. Could you repeat it please?

(Daniel Maury): Yeah, sure. At what range of copper prices would you be reconsidering resuming the Toquepala expansion project?

Raul Jacob: Okay. There are two things here. One is the uncertainty of this current market environment where it has made our Board (unintelligible) discussion and a review to hold on the moving forward with the project as we were doing.

And the second issue is regarding the capital costs of equipment that we're seeing. And we think that we will see much lower prices for major capital equipment in the future and we think that the proper thing to do is not to sink to a budget that was approved in 2008 with much higher equipment costs and obviously (fill) and (unintelligible) materials - (petroleum).

But to look for copper - I'm sorry, equipment costs that is looking to current prices. So we think that is going to take a process of spending all the backlog

equipment that maybe has been built at the much higher input costs. And that's another reason for this adjustment in our capital expenditures.

Regarding copper prices the projects were evaluated at copper prices quite similar to the ones we have right now. But we think that given the current volatility and uncertainty in the market we believe that it's a wise thing to wait for a while before we move forward with them.

(Daniel Maury): Okay. And about the Cananea strike? Do you have...

Genaro Guerrero: Yeah. Yeah.

((Crosstalk))

(Daniel Maury): ...mine will be fully operational again.

Genaro Guerrero: Yeah, well it's a - it is very difficult to determine or to make expectations in terms of the date that this is going to be resolved. Even though the strike has been declared illegal, the union maintains its (~~stoppage~~)~~unintelligible~~). Then the (~~position~~) is ~~complex~~, ~~conflicts~~.

And the strike doesn't have any (unintelligible) labor ~~costs~~ (~~process~~) or issues but speaking for personal interest obviously of the leaders. Then I can tell you that the labor authorities continue making the necessary actions to achieve a solution. And we are positive that such solution will come in the near future. But again it's very hard to determine a particular date.

(Daniel Maury): Okay. Thanks a lot.

Operator: Our next question comes from (Victoria Sentela) from (Santanner). Go ahead please.

(Victoria Sentela):Hi. Good morning Raul and good morning Genaro. I have two questions that are much more market related. If you can give us a feeling of how sales volumes are behaving for the month of January and February. Are you seeing delays on orders?

Are you seeing a significant collapse? Are things better than fourth quarter? If you can give some color in terms of demand. And the second one is if you are reducing significantly your CAPEX is - does that mean that you are looking more actively into acquisitions?

Or you just want to preserve your cash? Is there any change that we should expect from dividends? If you can give us some ideas in terms of what's the mindset of the company.

Genaro Guerrero: Thank you (Victoria). Well yes, in terms of the sales and the volume of sales I would like to tell you that we are not seeing any problem in order to allocate all of our production volume. And probably Raul in the sense of market you can share with (Victoria) some of the expectations we have in this respect.

And I will take again the second part of the questions in respect of CAPEX and acquisitions.

Raul Jacob: Okay. (Victoria) regarding - I believe that you asked about moly specifically. Is that right?

(Victoria Sentela):No. Copper mainly and if you also have some color on moly that's fine. But I just want to see how that demand is going...

((Crosstalk))

Raul Jacob: On copper what we are seeing is a severe adjustment process of inventory. And I mean by this not only the warehouses inventory that are increasing but not that much actually. But private - the private (unintelligible) inventories that the company - that the copper industry consumers have - those are being reduced and well you can work out the numbers.

But usually if you reduce 10% your inventory in a company of certain material what will happen is that for a while your purchases were reduced much more than 10%. So that is creating a sensation or a sense of a much lower demand decline that what we're seeing.

Also we believe that demand it's not responding yet to the stimulus packages that have been put in place in the US and China. Being the Chinese one - the most important for our industry in terms of their relationship with basic metals consumption and specifically copper.

We don't see at this time any problem that's (unintelligible) indicated with our copper sales at all. Actually with (unintelligible) metal. But in terms of demand we're seeing some decline in demand for the first half of 2009. We believe that at a certain point after mid year we should see a recovery in demand basically driven by China.

On moly the molybdenum market that you know - moly is used for (fill) production and for special alloys and (fill). And on that obviously the demand has decreased more than what we have seen for copper. And this is affecting somehow some molybdenum producers.

Some of them were operating at much higher costs than what we are and they have to shutdown their operations. For us we have molybdenum at a very low cost so we don't plan to reduce our production and we're moving forward to sell 100% of our molybdenum production in 2009.

(Victoria Sentela): One question, one clarification - do you have to offer deeper discounts than some of your competitors in order to place all your production? Or you don't - it's more like market rates what you're doing right now?

Raul Jacob: Well actually I'd like to report that our metal asset premium over the market price as refined copper. And we think that due to the quality of our problems we are pushing some other producers in terms of taking our metal incentive of them.

((Crosstalk))

Raul Jacob: We're not seeing a problem with that (Victoria).

(Victoria Sentela): Thank you very much Raul.

Operator: Our next question...

Genaro Guerrero: Well in respect of the CAPEX (Victoria) - well the CAPEX is - as I mentioned is going to be reviewed and we think that at this point in time it's a responsible action that the company is taking. Of course we think that it's prudent to preserve cash in this kind of circumstances. And we are looking to review, to adjust the capital costs for equipment in all of the projects that we have in the pipeline.

And that is the first - the main driver. But of course we are open as always, for opportunities in the market in terms of acquisitions.

(Victoria Sentela): And any possibility of changing dividend policy?

Genaro Guerrero: No. I would say that the dividend policy as we always mentioned is reviewed in each Board of Directors meeting and is going to continue doing the same.

(Victoria Sentela): Thank you so much.

Genaro Guerrero: Thank you (Victoria).

Operator: Our next question is from (Jorge Berestain) from Deutsche Bank. Go ahead please.

(Jorge Berestain): I'm sorry. I think my question was answered. It was about dividends. But maybe we could just also talk about CAPEX. If in fact we do see copper say hover around \$1.50 you know roughly I think your company's EBITDA would be in the sort of \$700 million to \$800 million range.

Given your commitment to CAPEX taxes and a higher debt load would you essentially just be paying the excess cash, excess free cashflow as dividends or could you see potentially deficit spending, in other words paying dividends with an increase in further borrowings in order to sustain some kind of a minimum dividend?

Genaro Guerrero: Well (Jorge) I'm afraid that the answer would be more or less the same. If the copper is increased to \$1.50, that is what I understood is the - in your question - is well then the excess cash is going to be analyzed and depends on the projects that we have in the pipeline.

The decision is going to be taken in the - at the Board of Directors meeting.
Then well it's - would be more or less the same answer to your question
(Jorge).

(Jorge Berestain): Thank you.

Operator: Our next question comes from (Carlos De Alba) from Morgan Stanley. Go ahead please.

(Carlos De Alba): It's a couple of follow up questions Genaro. In the loss money in the third quarter and presumably lost money again in the fourth quarter and we have not seen any recovery in zinc problems nor on silver, is there any possibility that you'd consider temporarily closing that operation down?

That's my first question. And my second question has to do with
(unintelligible) Mexico bought some - or sold forward some US dollars in order to secure the requirements of Mexican pesos. What's the rationale behind that transaction if I may ask? Thank you.

Genaro Guerrero: Sure. In respect of the (unintelligible) or zinc operations we are not planning to close or to shutdown any operation in that respect. We are expecting to reduce costs and we have entered in a very hard and important program in order to reduce costs in - and not just only in the zinc area but in all of our operations.

And we believe that even the low prices or even the level of prices that we are seeing currently in zinc - our operations are going to be able to continue operating with profits. The second part of your question was the...

(Carlos De Alba): The FX - the sole...

Genaro Guerrero: Oh. The FX derivative. Yeah, those FX derivatives was protecting the FX - well the Mexican peso dollar exchange rate. And we have recorded in the fourth quarter around \$53 million. This is - our position is a nonrealized number and we have recorded that as our realized and nonrealized net loss.

And those derivatives - well the rationale for those derivatives was to protect the appreciation of the pesos against the dollar. And those derivatives go through more or less the middle of 2009.

(Carlos De Alba): Okay. So (unintelligible). Thank you very much.

Genaro Guerrero: No problem.

Raul Jacob: (Carlos) - Genaro let me clarify something. (Carlos) regarding your prior question on the concentrated volumes...

(Carlos De Alba): Right.

Raul Jacob: ...that the company (melt). I was wrong. It was 50,000 metric tons of concentrate.

(Carlos De Alba): Of concentrate.

Raul Jacob: So my apologies for the mistake.

(Carlos De Alba): So 50,000 of concentrate that is still equivalent - is equivalent to 30,000 tons of copper contained?

Raul Jacob: It has 26% of copper so it's about 13,000 tons of copper...

((Crosstalk))

(Carlos De Alba): Thank you.

Operator: Sir, I show no more questions in the queue at this time.

Genaro Guerrero: Well thank you very much. And we hope that you will join us in the next conference call for the first quarter 2009 results. Thank you everyone.

Operator: This does conclude today's conference call. You may now disconnect. Thank you.

END