

SOUTHERN COPPER CORPORATION

Moderator: Raul Jacob
October 23, 2009
9:00 am CT

Operator: Good morning and welcome to Southern Copper Corporation's Third Quarter 2009 Results conference call.

With us this morning, we have Southern Copper Corporation, Mr. Genaro Guerrero, Chief Financial Officer, and Mr. Raul Jacob, Manager of Financial Planning and Investor Relations, who will discuss the results of the company for the third quarter and 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 in US GAAP.

Now I will pass the call on to Mr. Raul Jacob.

Raul Jacob: Thank you very much, (Sean), and thank you, everyone, again for joining us for the third quarter 2009 Southern Copper earnings conference call.

Participating in today's conference is Mr. Genaro Guerrero, Southern Copper's CFO.

Mr. Guerrero will now lead the conference.

Genaro:

Genaro Guerrero: Thank you, Raul. Good morning, everyone, and welcome again.

Today I will discuss current metal prices, Southern Copper's performance in production, sales, operating costs, financial results, and the development of our capital spending program.

After that, we will be glad to open the session for questions.

In terms of prices, after a sharp decline in metal prices at the end of 2008, during 2009 we have seen a continued recovery of metal prices, particularly copper, molybdenum, zinc, and silver, which are the most important commodities produced by Southern Copper.

As we have mentioned in the past conference calls, a major driver for better metal prices has been the significant demand recovery of emerging economies led by China. In the case of copper, that represents 70% of Southern Copper's sales, the LME copper price has recuperated from \$1.40 per pound at the beginning 2009 to an average of \$2.66 per pound in the third quarter 2009.

However, this significant recovery is still 24% behind the average of \$3.48 per pound for the third quarter 2008.

We are optimistic regarding the future evolution of copper prices. We think that Chinese and emerging markets growth will support its copper demand. Regarding the US and European economies, we do believe that the worse of the recession has passed and we expect a much better performance in the fourth quarter of this year, as well as in 2010.

Nowadays there are some concerns regarding copper inventories, which have grown in the last quarter. However, what we are currently seeing are strong copper prices of around \$3 per pound. We think that the reasons are the following:

1. The markets are anticipating a recovery of the developed economies' demand expected for the first quarter of 2010,
2. The investors' funds are going to basic materials and among them copper as a way to protect themselves from a weaker dollar,
3. And the current inventory levels are still relatively low, representing 11 days of consumption.

Regarding the supply response to new demand, we think that the major reasons for supply underperformance are still there, blocking supply growth. Factors as the lack of credit availability for new projects, labor unrest in major producers' operations, demands from local communities, government environmental and tax requirements are still major barriers for long-term supply growth.

Southern Copper Corporation's second product is molybdenum that represents 11% of total sales. Molybdenum is used for the production of special alloys of stainless steel with properties of high hardness, corrosion, and heat resistance.

As in the case of copper, the molybdenum market has significantly improved since the beginning of 2009. Molybdenum price has recuperated from \$9.50 per pound at the beginning of 2009 to an average of \$14.50 per pound in the third quarter of 2009. However, this significant recovery is still 56% lower than the third quarter last year.

Silver COMEX price has significantly recuperated since the close of 2008 when it was quoted at \$10.79 per ounce. During the third quarter 2009, silver averaged \$14.76 per ounce, an increase of 37% and 1% lower than the third quarter 2008. We think that the silver prices will be strong in the coming quarters due to the inflation concerns and the recovery of industrial demand.

Regarding zinc, in the third quarter 2009, the LME price averaged 80 cents per pound, 60% higher than the 50 cents quoted at the beginning of the year and equal to the average price of the third quarter of 2008.

Now talking about production, we are glad to report that our mine copper production has run at a good pace during the last quarter. Major reasons for these results have been better ore grades and higher recoveries in our operations. Production for the third quarter of current year was 120,000 tons, 1% higher than the third quarter of 2008. Southern Copper operating units have increased their production in the third quarter 2009 as follows:

- La Caridad and IMMSA copper production increased by 4% and 35% respectively
- And the Peruvian operations of Cuajone and Toquepala maintained their copper production levels.

Regarding our smelting and refining operations, the production increased 8% and 6% respectively in the third quarter this year.

At this point, we are increasing our guidance for 2009 from 490,000 tons to 500,000 of copper sold.

For molybdenum, we have had a excellent production in 2009. During the third quarter, production increased by 18% when compared to the second quarter of 2009 and 14% when compared to the same period in 2008. The 14% increase resulted from higher ore grades and improved recoveries at the La Caridad and Cuajone operations.

In respect to mined zinc, production increased by 4% in the third quarter 2009. Our underground operations have obtained better ore grades, as well as improved concentrators recoveries. Refined zinc production increased also by 4% at the San Luis Potosi zinc refinery.

The silver mine production in the third quarter '09 increased 10% to 3.3 million ounces compared with the third quarter 2008 and refined silver production for the third quarter 2009 also was 3.3 million ounces, 8% higher than in the third quarter 2008.

Now going into our financial performance, net sales for the third quarter were \$1.152 billion, 40% higher than the \$825 million in the second quarter 2009. The significant net sales increase results from higher volumes sold and better metal prices as we have previously mentioned.

Copper sales volume increased by 7% when compared third quarter '09 with its 2008 equivalent. Molybdenum sales volume increased by 12% compared to its third quarter 2008 level. Silver and zinc volumes sold increased by 6% and 2% respectively when compared to the third quarter '08 volumes.

However, these higher volumes sold have not offset the price differences between the third quarter 2009 and the third quarter 2008 where sales were \$1.44 billion.

Talking about operating costs, we would like to mention that our total operating cost and expenses has decreased by \$426 million as of September 30, 2009 when compared with similar period of 2008.

For third quarter 2009, this cost was \$643 million. This figure compares favorably to the \$764 million in the third quarter 2008. The cost reduction of \$121 million between this quarter and the same quarter last year includes an important reduction of :

- fuel cost of around \$10 million,
- \$63 million reduction in power cost, mainly through lower tariffs,
- lower labor cost of \$5 million,
- workers participation decreased by \$19 million,
- purchases of copper from third parties decreased by \$19 million,
- and other cost and expenses reductions.

As a result of the mentioned sales and operating cost variances, the third quarter 2009 EBITDA was \$592 million or 51% of sales. This figure compares with a \$380 million in the second quarter 2009 and \$781 million or 54% of sales for the third quarter 2008.

The company 3Q09 cash cost per pound of copper produced before byproduct credits for this quarter was \$1.63 per pound, 40 cents lower than the \$2.03 per pound for the same period of 2008.

The cash cost including the benefit of byproduct credits was 27 cents per pound in the third quarter this year compared to a cash cost of 18 cents per pound for the third quarter 2008.

As a consequence of the significant adjustment in cash cost, the better market prices, and the mentioned higher volumes sold, Southern Copper net earnings in the third quarter 2009 were \$312 million or diluted earnings per share of 37 cents. This figure is 78% increased compared with the net earnings for the second quarter 2009 of \$175 million.

Southern Copper Corporation capital spending programs continued on track during the third quarter 2009. The company has been carefully managing all capital expenditures to ensure efficiency on the use of its resources.

The Tia Maria project is expected to produce 120,000 tons of SX./EW copper cathodes per year. The budget for this project is \$934 million. And through September 30 of this year, \$250 million has been spent. The detailed engineering is in progress. Current work on the project includes equipment fabrication and some early construction work such as access roads and platforms. The environmental impact assessment for the power lines and the support facilities has been approved by the Peruvian authorities and construction is underway. Bids for the construction management contracts are being evaluated while additional drilling is continuing to evaluate water resources.

Another ongoing project is the Toquepala concentrator expansion, which is expected to increase annual copper output by 100,000 tons of copper per year and 3100 tons of molybdenum per year starting in 2012.

As of September 30, 2009, the company has expended \$75 million on this project. Proposals for detailing engineering are in the final evaluation. One 320-ton truck and two drilling machines were put in operations while a 73-cubic yard shovel is in its final stage of assembly. The environmental impact study is currently being conducted and is also expected to be completed in the fourth quarter of this year.

After expending \$16 million, the byproduct treatment plant at the La Caridad metallurgical complex was completed in September and is currently in operation. This plant was recently distinguished, winning the first prize in an important nationwide contest to promote waste recycling.

With a total investment of \$17 million, the line plant at (Awaprieta), which is 100 kilometers north of La Caridad mine, was fully modernized to comply with environmental regulations and to meet the lime requirements of the Mexican operations. A vertical Maerz furnace will reduce the consumption of natural gas to 1/3 of its current level and we expect costs to be reduced by 45%. The start of operations has been scheduled for this October.

In respect to El Arco project, that is a world-class copper deposit in the central part of Baja, California peninsula in Mexico with estimated resources of over 1.3 billion tons of mineral. It is expected to produce 190,000 tons of copper and 105,000 ounces of gold annually. The company has recently invested \$5.4 million in land acquisition related to the project. In addition, a set of studies have been completed evaluating alternatives to provide El Arco with water and electric power needs. The company will consider the development of this project subject to appropriate investment conditions for the mining industry.

In respect of Cananea, on April 14, 2009, the Mexican Federal Labor Court issued a resolution based on Force Majeure, confirming the termination of

Cananea's labor relationship with individuals and unionized employees, as well as termination of its collective bargaining agreement with its employees and with the National Mining and Metal Workers Union. This ruling has been challenged by several individuals and the National Mining and Metal Workers Union.

During the third quarter of 2009, a Mexican federal judge from the Second District has issued rulings dismissing most of the cases filed by the union related to individuals. This was a favorable decision to the Company.

At this point, we are waiting for a final ruling by federal justices regarding the termination of Cananea's labor contract and the collective bargaining agreement on the basis of a Force Majeure event.

Regarding dividends, I would like to state again that it is the company policy to review at each board meeting the capital investment plan, cash resources, and expected future cash flow generation from operations in order to determine the appropriate quarterly dividend. Accordingly, on October 19, 2009, the board of directors authorized a dividend of 18 cents per share, approximately 50% of earnings per share of the quarter. This dividend will be paid on November 24, 2009 to shareholders of record as of November 5, 2009.

Well, thank you very much, ladies and gentlemen, and now we would like to open the phone for questions.

Thank you.

Operator: Ladies and gentlemen, if you wish to ask a question, please press star then the number 1 on your telephone keypad. And if you'd like to withdraw your question, press the pound key.

We'll pause for just a moment to compile the Q&A roster.

Your first question comes from the line of Philippe Hourai from Bank of America. Your line is open.

Philippe Hourai: Hello, good morning (unintelligible) good morning, everyone.

Genaro Guerrero: Good morning.

Philippe Hourai: (Unintelligible) related to Cananea (unintelligible)...

Raul Jacob: Philippe, we can't copy you well. Can you speak a little bit up, please?

Philippe Hourai: Okay, sure.

Is it better now, Raul?

Raul Jacob: Yes, certainly.

Genaro Guerrero: (Unintelligible) better.

Philippe Hourai: Okay, so I'm sorry for that.

So my question was related to Cananea. I just wanted to know if you have any estimate or any guess on when you could see a kind of resolution on the strike

issue because it's been well over six months since the Mexican federal labor issued the resolution. So that is my first question.

Genaro Guerrero: Thank you, Philippe.

Well, here with us have joined us Armando Ortega Ruiz, our General Counsel, and I will say that he can provide better information in respect to the Cananea matter. I will pass the question for him.

Thank you.

Armando Ortega Ruiz: Well, good morning.

As you know, with courts, there is no specific timing. What we have stated and we consider this to be appropriate is that by the end of this year, we should have a final ruling.

And we are still hoping that it will be a definitive one and, of course, one that would be in our favor because we consider that we have crafted a solid case in connection with the force majeure subject matter.

Philippe Hourai: Okay.

And, Armando, what are the next steps? Is there anything that you have to do right now or what are the decisions that you are having to - you are waiting for right now? Is it just a final decision by the courts?

Armando Ortega Ruiz: In the past, we have explained that the ruling from the Mexican labor court, which did validate our decision to terminate the labor contract,

including the collective bargaining agreement, was challenged by individual workers, around 1000, and by the union itself.

We have stated this morning that during the last weeks, a federal judge has dismissed almost all of the individual cases, almost all of the individual challenges. Those dismissals are not definitive. There is still a recourse against them.

And then there is the case presented by the union, which is before magistrates at the federal circuit court. Upon best available information and legal basis, what should happen is that once the magistrates from the federal circuit court resolve the case, the challenge, that challenge would be definitive. And as a matter of consequence, the individual challenges should also disappear.

Then if as expected we have a favorable ruling, then the subject matter would be taken against the Mexican federal labor court validating its decision. And consequently another natural step would be to return the mine to Cananea, to the company, okay.

That is how we expect in the roadmap what could and we hope potentially happens.

Philippe Hourai: Okay, thank you.

And my second question was related to the copper and molyb production. Can you just remind us what the - your production guidance for 2010 excluding Cananea, please?

Genaro Guerrero: Sure, Philippe.

Our guidance for molybdenum production is 18,000 tons.

Man: (Unintelligible).

Genaro Guerrero: And copper, we are increasing our guidance to 500,000 tons of copper sold.

Philippe Hourai: And that's for 2009 or 2010?

Genaro Guerrero: No, 2009.

Philippe Hourai: Two thousand and nine.

Genaro Guerrero: Yeah.

Philippe Hourai: Any changes for 2010? Or do - the numbers should be pretty much similar to 2009?

Genaro Guerrero: Well, we have not completed yet our production plan for 2010. Well, probably very soon we are going to have a better idea in what is going to be our production, but we are not expecting any reduction in that.

Philippe Hourai: Okay, very good. Thank you.

Genaro Guerrero: Thank you.

Operator: Your next question comes from the line of Jorge Beristain from Deutsche Bank. Your line is open.

Jorge Beristain: Good morning, Genaro. It's Jorge Beristain, and Raul.

My question is again just to clarify, we're talking 2009 guidance for copper output was raised to 500,000 tons, moly remains at 18,000, and could you also give us zinc and silver?

Genaro Guerrero: Sure, Jorge.

Zinc and silver, zinc is, hold on, is 105,000 tons and silver is 70 million ounces for this year.

Jorge Beristain: Okay.

And, sorry, just looking ahead to 2010, you mentioned that you don't see a reduction, but my understanding was in the case of Cananea, you needed about a two-month, maybe three-month lead time to get that facility back up and running because of the damage done by the striking workers. And I think the idea that it could be re-launched by the first quarter of 2010 was predicated on an October resolution.

We're now almost in - at November and it does sound like from what your lawyer said that you're still at best a few weeks if not a few months away from getting these final legal issues resolved. So do you see the potential now for slippage to a 2010 start date for the Cananea mine?

Genaro Guerrero:

Raul Jacob: Hello, Jorge. This is Raul Jacob.

We think that as you know we have the expectation of getting the Cananea mine back before year-end, but we will have also stated that the ramping up of the mine will take between three and six months, so that certainly will affect

forecast where you consider 2010 production with the full Cananea production.

At this point, we can't say how much of a 2010 production of Cananea will be affected. The guidance as Genaro mentioned regarding 2010, which is not complete, as we he (will stated), it's referring to current operations.

Genaro Guerrero: And just only to clarify, the 500,000 tons that is our guidance for this year is not including Cananea at all.

Jorge Beristain: Yes.

And could you remind us how much molybdenum Cananea could produce in - at a full production rate? I would assume about 180,000 tons of copper?

Genaro Guerrero: Yes, Cananea doesn't have a molybdenum circuit yet. There are plans to invest on such a circuit when we retake the asset. But at this point, we wouldn't have any molybdenum production coming from Cananea (unintelligible).

Jorge Beristain: Would there be any of the other byproducts that would be impacted by the restart, zinc or silver?

Man: Silver.

Man: Silver.

Basically Cananea will have some ounces of silver with the copper concentrate that it produce.

Jorge Beristain: All right, how many millions of ounces?

Man: About 7 million per year.

Jorge Beristain: Okay, thank you, that's my question, thank you.

Man: Thank you very much.

Man: Thank you, Jorge.

Operator: In order to ask a question, please press star then the number 1 on your telephone keypad.

Your next question comes from the line of Anne Milne. Ms. Milne, before you ask your question, could you please state your company, please?

Anne Milne: Yes, this is Anne Milne from Deutsche Bank. Good morning, Genaro and Raul.

I had - one of my questions was answered, but the second question relates to your CAPEX and investment program. I know you outlined what you've spent so far this year on a number of projects and it looks like from your cash flow statements you've spent about \$316 million on straight capital expenditures this year.

Was wondering if you could give us what your current estimates are for full year 2009 CAPEX? And I know you're still working on your plan for next year, but could you possibly give us a range of what your CAPEX might look like for next year or at least maybe a bottom figure?

Raul Jacob: Hello, Anne. How are you? This is Raul.

We - for 2010 we are still doing our capital plan, but we'll - we are expecting to spend about \$600 million on our projects. That number could be adjusted regarding when we see the - where the market is in terms of prices and cash generation.

At this point, that's what we're thinking. As we pointed out in the press release, the company thinks that there is no problem to go ahead with our projects and we are moving forward with them as scheduled.

Anne Milne: Okay.

And for 2009, the - for the full year?

Man: For the full year, let's see, so we have the information here, yeah, hold on one second.

Man: (Unintelligible).

((Crosstalk))

Man: For - well, we have a budget for 2009 in Mexico is \$65 million and for Peru is \$240 million.

Anne Milne: Okay, so you're just about there right now.

Man: That's a (unintelligible) no, that's the budget for 2009.

((Crosstalk))

Man: ...what we're spending will be in the range of \$450 million, Anne.

Anne Milne: Okay.

Could I just ask a small question? On your cash flow statement here, you have under investing activities two lines -- capital expenditures and other net. What is the other net in general? Is it various items or is it one item?

Raul Jacob: Other net are certain investments that are reclassified between the cash holdings and the (midterm) investments, Anne.

Anne Milne: Okay, very good. Thank you very much.

Genaro Guerrero: Thank you, Anne.

Operator: Your next question comes from the line of Alonzo Amburro. Mr. (Amburro), could you please state your company?

Alonzo Amburro: Yes, from (Standander). Thank you.

On question about Tia Maria -- a couple of weeks ago, there was in some press releases in Peru some news that there was a vote against the development of the project by some of the surrounding communities. Can you comment on that and whether that's significant and how the company is dealing with that?

Man: (Unintelligible).

Man: Alonzo , let me explain to you what happens in Tia Maria. At the last public hearing that the company had in August, some local communities in the surrounding area of Tia Maria opposed the use of underground water for the project, alleging that it could cause a shortage of water supply for the farmers and local communities.

We're working with them and the Peruvian authorities to respond to these communities' concerns on the project and ensure that our Tia Maria mining project complies with all environmental regulations and other legal requirements in Peru.

We have to submit a proposal (unintelligible) for the third and final public hearing. And after that, we should have a decision from the mining authority approving the environmental impact study or not.

We believe that this project will move on and that's basically where we are right now.

Alonzo Amburro: Okay.

And so basically once this is approved by the government, do you think the communities will go along with this? Or is that something that still needs to be negotiated a little bit further?

Raul Jacob: No, we think that we will be - we will go ahead with the project after the approval of the Minister of Energy and Mines approval.

Alonzo Amburro: (All right), Raul. Thank you.

Operator: Again, in order to ask a question, please press star then the number 1 on your telephone keypad.

Your next question comes from the line of Dan Richmond, a private investor.
Your line is open.

Dan Richmond: Good morning. Thank you.

I have several questions, the first being third party concentrate purchases during the third quarter, how many contained tons and what is the impact of those purchases on cost per pound?

Genaro Guerrero: Yeah, well, the volume of purchases during the third quarter was 20,000 metric tons.

Dan Richmond: (Unintelligible).

Genaro Guerrero: Yes.

Dan Richmond: And the impact on cost per pound.

Genaro Guerrero: And the impact is around 8 cents per pound.

Dan Richmond: Thank you.

The second question is you filed an 8-K with the SEC outlining a settlement with governments whereby Southern Copper agreed to stop using anhydrous ammonia in its zinc smelting refining operations. Could you tell us whether that will have any material impact on either production volume or costs?

Genaro Guerrero: Yes, yeah. Yeah, we have changed that. And the impact that is going to have, that change in our cash cost, is around 0.2 cents per pound of zinc. Then it's minimum, the impact.

Dan Richmond: And no impact on volume?

Genaro Guerrero: And not impact at all in volume, no.

Dan Richmond: Thank you.

My next question relates to rod production. Your rod production is down 31% compared to a year ago. Is that due to demand or production problems?

Genaro Guerrero: Yeah, well, in the case of rod, that production is in line with the market demand. That means that if the market is requesting for rod, then we are running the plant at a higher capacity. And if the market is not requesting for this product, we are slowing down the production.

That is the reason that for the variances that we have between one period and other.

Dan Richmond: Thank you.

I mean, it's the demand - it's a lack of demand. It's not something that's mechanical or labor or anything like that?

Genaro Guerrero: No, no, not at all. It's...

Dan Richmond: (Okay).

Genaro Guerrero: ...something that we decide and it's something that is in relation with the market demand.

Dan Richmond: Thank you.

And my last question relates to capitalized interest on the income statement. Usually capitalized interest is a reduction of interest expense. This quarter...

Genaro Guerrero: Yeah.

Dan Richmond: ...it's an addition to interest expense. Is that a reversal of a prior capitalization and should we expect this to continue?

Genaro Guerrero: That is correct.

We changed the accounting policy and basically we changed that because our projects have been financed by our cash and not by financing or other source. And that's the reason that we decided to change the accounting rule or the accounting policy in that respect.

Dan Richmond: Okay.

So this is a reversal of a prior capitalization?

Genaro Guerrero: Yes. Basically yes.

Dan Richmond: Okay, thank you.

Raul Jacob: Yes, let me clarify for our audience, usually you can capitalize interest when you have a financing that is attached to a specific project. Since we haven't

taken any financing in a while, in a few years, since 2005, the company has used already or has finished the projects that were financed with those loans.

So right now, we are not applying capitalized interest because we have no new financing that is coming - getting to our current projects.

Dan Richmond: But my question is is the entry in the third quarter a reversal of prior capitalized interest? And is it finished? I mean, do we have more of this to come? Or is this...

Man: No.

Raul Jacob: Yeah, okay, the answer - the straight answer to your question, Mr. (Richmond), is that first, yes, it is a reversal of some capitalized interest that we did on the first two quarters of the year. And second that that's it. (Unintelligible).

Dan Richmond: Thank you.

Genaro Guerrero: And we are not going to capitalize any more for the rest of the year.

Dan Richmond: Thank you.

Genaro Guerrero: Thank you.

Operator: Your next question comes from the line of Mandeep Singh. Could you please please state your company name before asking your question? Your line is open.

Mandeep Singh: Hi, good morning. I'm from JP Morgan.

My question relates to the (unintelligible) third quarter. Could you please (throw) some more light on the factors that led to increase in cash costs excluding byproduct credit in third quarter and if possible your expectations for the same in fourth quarter '09?

Thank you.

Genaro Guerrero: Did you get it?

Raul Jacob: Sure.

Genaro Guerrero: Okay, go ahead.

Raul Jacob: Okay, hello Mandeep.

We have - -in the third quarter we had a cash cost before byproduct credits of \$1.63 per pound. And that, when you see the second quarter cash cost before byproduct credits, which was \$1.50, it represents an increase in cost of about 13 cents per pound for the quarter.

And if we look at our direct production cost increases and some other expenses related to our sales such as freight and treatment charges, that represents about an increase of 5 cents per pound between the second and the third quarter.

Then you have the cost increase related to - by - to third party copper purchases that the company has done in the third quarter. As we enjoyed the benefits of having higher copper prices in our sales, when we copper - when

we purchase copper from third parties, we also have to absorb the higher cost that comes with the - with better prices.

In this case, as Genaro pointed out, we're having a cost increase by this factor of 8 cents per pound between the second quarter and the third quarter of this year.

Genaro Guerrero: I would like to add that an important fact in - or factor in this increase is the re-valuation of the local currencies, especially Mexican peso. That means that we have in respect of our local cost when the - when we express that in dollars, we are - we have a negative difference or a negative impact as a result of that Mexican peso has been re-valuated against dollar.

Mandeep Singh: Thank you.

And a follow-up question (unintelligible) report in the press about Escondida's labor contract (settlement). What are your views on the (reached) deal and do you think it has any implications for the negotiations that PCU conducts with its labor unions in Mexico and Peru and your views as to if that could have any impact on the labor negotiations that happen in the copper industry?

Genaro Guerrero: (Unintelligible).

On labor - on the - I couldn't catch what you say about the Escondida, Mandeep. Could you repeat it, please?

Mandeep Singh: (Unintelligible) about the Escondida labor contract settlement (unintelligible) earlier this week and it was criticized by some industry participants. Just wanted to know if you have any views and whether you think it would have any implications for the industry as in (on the) negotiations that PCU conducts

or some other companies will conduct with their labor unions? Or do you consider that as an independent event not impacting any other things?

Genaro Guerrero: Okay, regarding the Escondida labor negotiation, we don't think that we should talk about it since it is not an operation of Southern Copper.

Regarding our own labor situation, as you know well, we have the Cananea labor case that is about to clear as was explained by Armando. On the other Mexican operating units, the company is doing excellent in terms of productivity and as well as the labor relations. There are no problem at all with the other eight units that the company has in Mexico.

In Peru, we have eight unions. As you may have heard this week, the national mining union of Peru called for a strike. And none of our operations decided to join this strike in Peru.

So we think that we're in - excluding one case, which is politically tainted in our view, we have a very good labor relations situation at this point.

Mandeep Singh: Thank you very much.

Operator: Your next question comes from the line of (James Richards) from (Nevsky). Your line is open.

(James Richards): Hi. So one brief question -- of the 500,000 tons of copper you're going to sell this year, can you just clarify how much of that is purchased concentrate?

Genaro Guerrero: Yes, we are estimating that 20,000 metric tons that are going to the market as well that are coming from third party purchases.

(James Richards): So that's just during Q3. So what's the number for the whole year?

Genaro Guerrero: That's the number for the whole year, yeah.

James Richards: That's the number for the whole year, okay, thank you.

Operator: We have no further questions at this time.

((Crosstalk))

Genaro Guerrero: Well, thank you very much for joining us and we hope that you will join us for the fourth quarter 2009 conference call.

Thank you. I appreciate it.

Operator: And this concludes today's conference. You may now disconnect.

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