

**SOUTHERN COPPER CORPORATION**

**Moderator: Eduardo Gonzalez  
October 30, 2006  
10:00 am CT**

Operator: Good morning and thank you for holding. And welcome to your Southern Copper Third Quarter 2006 Results Call with Mr. Gonzalez. At this time all lines are muted to cut down on background noise. There will be a Q&A session at the end of this conference. This conference is also being recorded for replay and transcription purposes. Mr. Gonzalez, I'll turn the call over to you and thank you for using the conference center sir.

Eduardo Gonzalez: Thank you very much. Welcome ladies and gentlemen. Today with us we have two Gonzalez's. We have of course Oscar Gonzalez Rocha who is the President and Chief Executive Officer of Southern Copper. We have myself, Chief Financial Officer and we also have with us today Raul Jacob, Director of Investor Relations.

Let me begin by stating a couple of important events that have occurred in recent weeks and months. And obviously the most important of which of the resolution or the favorable resolution of the illegal work stoppages at both our Northern Mexican open pit copper operations that is Cananea and La Caridad. Both of these mines – mine strikes were lifted in the month of July. And we

think this is the best or the most relevant event during the third quarter as we started ramping up production at both of these mining units.

Now Caridad unfortunately has been a bit slower than the case of Cananea the reason being that as that mine was shut down for a longer length of time approximately four and a half months and we hired everyone that is all of the workers required retraining, reevaluations, and re-contracting so that has taken us a bit longer than usual. But Caridad is ramping up.

We have reached approximately 75% of capacity to date and expect to reach industrial capacity by the end of this quarter. The case of Cananea was not as severe as the case of La Caridad. Cananea initiated operations in late July as well and ramp up rather quickly to almost full capacity during the third quarter and is already working in fact slightly above capacity in – during this fourth quarter.

The other item that we would like to emphasize in this conference call is our emphasis on expanding our own operations. As many of you know, we have a considerable month of reserves. If we compare to our peer group and industry group in terms of years, we are I believe the largest mining company listed in the New York Stock Exchange or the largest mining company in the world in terms of years of reserves.

We hope to take advantage of that fact. We hope to start projects as fast as we can start them and you should expect in the future that a lot of the free cash flow from the company is reinvested into these expansions. Particularly we have already approved by the board the SX/EW expansion at Cananea. We also have the molybdenum plant at Cananea approved by the board and we expect board approval for Tia Maria and several other projects relatively soon.

Now let us turn to the third quarter results. As usual I will keep my comments brief and to the point. We will follow first third quarter 2006 results and compare those to the last quarter that is quarter to quarter. And we will compare it also to last year's quarter and then cumulative result. In terms of copper prices during this quarter and in fact on a cumulative basis, we show a significant increase.

Copper prices during the third quarter of '06 amounted to \$3.54 per pound of copper that represents a 108% increase year on year and the 5% increase quarter on quarter and a 95% increase year – that is cumulative year on year. Zinc prices also showed a considerable gain, 159% year on year, 2% quarter to quarter, and 130% on a cumulative basis.

Silver and gold also demonstrated increases except on a quarter to quarter basis where there was a slight decline in these prices. Molybdenum on the other hand on a year on year basis declined by approximately 14% from a price of \$30 last year to a price of \$25.90 during the third quarter of '06. This of course had a mitigating impact on the increase of copper prices and zinc prices. Our total production in terms of (unintelligible) production during the third quarter of '06 amounted to 141,200 metric tons.

This of course is a decline when we compare to the same quarter last year of 20% and a slight increase on a quarter to quarter basis. The reasons for this are obvious. We have regained control and reinitiated operations this quarter in both Cananea and Caridad and as a result we have produced more copper. However compared to last year when we had no strikes we show a decline. On a cumulative basis we have produced a total of 426,000 metric tons compared to 508,000 metric tons last year that is a 16% decline.

Approximately 57,000 metric tons of this production loss is due to the mine strikes at both Caridad and Cananea. In terms of copper sold we do not demonstrate the same declines. During the quarter we were able to sell 144,600 metric tons slightly above our mine production and we presents a 14% decline year on year and a 3% decline quarter on quarter.

The reason that the decline during the second and third quarter is not as significant is mainly because we acquired a very significant amount of concentrates from third parties in order to keep our metallurgical complexes running during the months when Caridad and Cananea were on strike. Clearly this has a significant impact in cost of goods sold and production costs and certainly on margins. But nevertheless we were able to keep our production up and probably more importantly most of our deliveries to customers were kept in line with what we had promised last year and this year.

On a cumulative basis total production sold amounts to 445,000 metric tons and that shows a decline of 11% compared to last year again for the same reasons. Molybdenum sold amounted a little bit over 2,000 metric tons during the third quarter. This represents a 50% decline year on year and a 13% decline quarter on quarter. This is a result of the La Caridad mine strike on the one hand but on the other hand we have predicted lower molybdenum grades at both Cuajone and Toquepala as well and that has been the result.

Suffice it to say that we are still above our projected molybdenum concept at both Cuajone and Toquepala. On a cumulative basis we have sold a total of 7,700 metric tons of molybdenum compared to 11,400 last year representing a 32% decline. With these metals prices and volumes total sales for the quarter amounted to \$1.4 billion that is an increase of 37% year on year and an increase of 10.6% quarter on quarter. On a cumulative basis revenues amounted to \$3.8 billion and that represents a 30% increase from last year.

Cost of sales on the other hand also increased to \$514 million during the third quarter that is a 32% increase year on year and a slight 2% decline quarter on quarter. Cost of sales is relatively high compared to our sales and that is due to third party concentrate purchases that is the largest defect on our cost of goods sold during the third quarter is the sales of third party concentrates that cost us a lot more than producing our own mine production.

On a cumulative basis cost of goods sold amounted to a total of \$1.45 billion up 21% from last year. Operating income amounted to \$804 million that is up 47% on a year on year basis and up 24% on a quarter of quarter basis. Cumulative basis total operating income amounted to almost \$2.1 billion and that represents a 43% increase. Operating margin that is EBITDA margin amounted to 57% during the third quarter and compares favorably to last year which was 7.5% higher.

Total EBITDA for the third quarter of '06 amounted to \$877 million up 40% on a year on year basis and up almost 20% on a quarter to quarter basis. The 20% increase in EBITDA is significant on a quarter to quarter basis because that was done despite a slight decrease in molybdenum prices only a 5% increase in copper prices and having listed the strikes at both Cananea and Caridad and starting to ramp up those operations. So we think it is a rather significant event that we have heard – kept record high EBITDA this quarter compared to any quarter we have registered in the past.

On a cumulative basis EBITDA amounted to \$3.3 billion that is up 38% from \$1.65 billion last year. In terms of net income the company generated during the third quarter a total of \$521.5 million equivalent to approximately \$1.77 per share. Let me remind you that this is after the stock split and represents a significant 41.7% increase per share when we compare it to last year and a

20% increase or almost 20% increase on a quarter of quarter basis. Total net income accumulative to date amounts to almost \$1.4 billion and it is equivalent to \$4.69 per share that is a 41% increase when we compare it to the same period of last year.

Total dividends declared during this quarter amounted to \$1.35 or \$1.38 per share on a rounded basis and is equivalent to the same pay out ratio more or less during the first and second quarter before we experience the significant work stoppages or illegal work stoppages at both Cananea and Caridad so we thought we would increase dividends this quarter as we have accumulated a significant amount of cash.

Another significant amount of cash is being kept on balance in order to fund the expansion projects that we have mentioned earlier or we'll continue to mention as we move on through pre-visibility analysis, etc. Total capital expenditures are in the quarter amounted to \$146 million that is up approximately 2% on a year on year basis and up 66% on a quarter to quarter basis. Most of this is invested in the completion of the Ilo smelter modernization program.

We expect that program will be completed by the end of this year and will be fully operational. Cumulative to date total capital expenditures have amounted to \$376 million compared to \$341 million last year and that's a 10% increase. As we move on in the future we will of course disclose to the market the capital expenditures and projects that have been approved and will be budgeted for 2007. With that in mind ladies and gentlemen, let me open up the forum for questions and thank you very much for joining us.

Operator: At this time if you have a question press star one on your touchtone phone.  
Once again if you do have a question press star one at this time. Thank you.  
We have a question from (Jorge Brisidine), with Deutsche Bank. Go ahead.

(Jorge Brisidine): Hi good morning Eduardo. It's (Jorge Brisidine) with Deutsche Bank. My first question had to do with your hedging policy for the last few quarters. You've tended to hedge yourself out a few months in advance. Could you discuss what your policy is for the fourth quarter as it relates to copper?

Eduardo Gonzalez: Yes currently we have very few hedges in place during the fourth quarter we had approximately 15% of the production hedged at approximately \$3.57. We have registered a bit of a gain as you may imagine in those hedges. But it is not a significant amount. We have currently nothing hedged for the first quarter of '07 and onwards.

(Jorge Brisidine): And my second question has to do with the forced (mejor) that you declared at Caridad earlier in the year. Would there be any kind of insurance payments or penalties that would have to be met in coming quarters related to that forced (mejor) with clients?

Eduardo Gonzalez: No there is no particular gains. A forced (mejor) is declared in this case because we are not able to meet a certain shipment or certain customer contract. We did declare forced (mejor) but at the end of the day we were fortunate in the sense that our clients only showed slight declines in our contract. And we were able to net it out rather well by buying third party concentrates in copper and so on and so forth. But no you should not expect any extraordinary gains from this forced (mejor) or losses for that matter.

(Jorge Brisidine): Thank you.

Operator: Our next question is from (Raphael Biederman) from BBVA go ahead.

(Raphael Biederman): Eduardo, congratulations for the results. My first question is regarding outlook for corporate prices how you see. And if you could comment a little on China. China has reduced their demand because of the inventories, their consuming inventories. Not only their recent distortion of the SRB but some say that consumers after a final (unintelligible) inventories and they're also the inventories of (unintelligible). Last year Europe had a reduction in vendors which distorted consumption. Consumption in Europe was going down.

And this year consumption Europe is going up like 17%. Indeed there was a rebuilding of inventories (unintelligible) for the next year. Should you expect China, something like that to happen to China and the consumption start regaining not only because of the China consumption but in addition to the rebuilt of the inventories. And if you believe this could offset the increase on (capacities) we are seeing for – we expect for next year and the slow down on demand on the United States?

Eduardo Gonzalez: Well our experience to date has been that Europe has shown considerable strength and that has shown up in our contracts for next year. In the case of China it certainly is volatile but we still see fundamental a very large fundamental deficit in terms of them meeting their own supply or required supply. So we do see them importing in considerable basis throughout next year and through the next future years.

And on the other hand what is most important is perhaps the lack of projects or projects that have been announced and have not come into production as hoped. So again fundamentally we do see growth in China. There may be volatility in the short term and so on and so forth but in general we think that the deficit will continue and that they will continue to keep copper prices up.

Whether that is a \$4 copper price or a \$3 copper price is difficult to say because as you know there is a lot of speculation within that range. But we expect copper prices to remain very strong.

And if you look at the forward curve we think that the copper prices will remain at or above the forward curve as we move into the future and there is a lot of value to capture there. Because if you discount the value of even the forward curve today taking into consideration our cash costs, there's still a lot of value to catch and a lot of value to make up for there.

The U.S. has shown some slight slow down but very slight indeed. We do not expect any surprises there. They will continue to consume although growth certainly is not in line with that China. China's where the growth is coming from as well as India. I don't know if that answers your question.

(Raphael Biederman): It does sir Eduardo. A second question Eduardo regarding (Asarco). Can you give an update on what is the situation there? I mean (Asarco) has to propose a Chapter 11 or a bankruptcy restructuring package and the depth loaders has to discuss it and accept it or not. There is a time period for that to happen. What is the timing? What's the situation on this? Has it been proposed already or not?

Eduardo Gonzalez: I'm sorry to say that is a question more appropriately asked to (Grupo) Mexico management the conference call for that is tomorrow. We at selling copper as you know have nothing to do or deal with directly or indirectly with (Asarco) so I would rather you hang in there to (Grupo) Mexico management.

(Raphael Biederman): Okay. Okay Eduardo thank you.

Eduardo Gonzalez: You're welcome.

Operator: Our next question is from (Dana Essis) an investor, go ahead.

(Dana Essis): Yes I understand your dividend will be \$1.375. What will your holder of record date be?

Eduardo Gonzalez: Do we have record date yet for that?

Raul Jacob: Yes the record date is November 16 and the ex-dividend rate which may be of interest for this person is two days before that so it's November 14.

(Dana Essis): Thank you very much.

Eduardo Gonzalez: You're welcome.

Operator: Our next question is from (Uri Masloz) and the Suns River Capital, go ahead.

(Uri Masloz): Yes thank you. Could you please tell us the volume in total cost of repurchase concentrate in third quarter?

Man: Yes the total cost of third party concentrate purchases during the third quarter was almost \$200 million.

(Uri Masloz): And what was the volume of your purchase concentrate in this period?

Man: I'm sorry.

(Uri Masloz): What was the volume of your purchase concentrate in this period in...

Man: Approximately 30,000 metric tons of copper contained.

(Uri Masloz): Okay many thanks.

Operator: Our next question is from (Marina Roe) from Bear Stearns, go ahead.

(Marina Roe): Hi Eduardo congratulations on the results. They're really great. I have a question regarding the timing of the key project. If we can go over that with us and also give us the sense for how costs have increase and, you know, what are the reasons why the projects keep getting delayed at this point? And also give us a sense for the CAPEX expected for the new projects for the next couple of years. Thanks.

Eduardo Gonzalez: Absolutely in terms of the projects, Oscar I don't know if you would like to add something of what we're looking at?

Oscar Gonzalez: Yes you mentioned we are having this project in Cananea (unintelligible) the (unintelligible) and the possible expansion of the concentrate or two. And in Peru we have the Tia Maria project that this up size and will be a leaching plan and the Cuajone expansion of the concentrate or two that will be 20,000 tons of million capacity in that region of what we have right now. Then that is what are the first stage projects.

Then in a second extension we can talk about the possible a expansion of the Toquepala and the Los Chancas projects in Peru that is like Tia Maria a new project. And in Cananea we can have do a possible expansion of the concentrator or a new concentrator no. And we have the installed Ilo for the possible expansion of the smelter that we are going to finish gives more organization at the end of this year.

But will be a possible expansion of this (metal) of course if the expansion of this metal will occur we'll have the expansion of the refinery from 280 to 360,000 tons of (unintelligible) production. That is what we have of course we have a third stage that will include the (unintelligible) in Mexico and that is a new project too but we are actualizing the possibility (of starting) in order to see we can go ahead with that because it has a lot of (unintelligible) costs that the government will need to support.

(Marina Roe): Thank you for that. I'm also wondering in terms of the timing it seems that every time we get any updates on this projects there are delayed another year. So what are the main limitations you see right now? And, you know, is really 2009 a realistic date for the current expansions?

Oscar Gonzalez: Yes within that list for the first stage that will occur the new plan doing new plan in Cananea will be ready for 2009. The new leaching plan will be finished by 2009 and the same within that will be with Tia Maria that we'll be ready for that and the expansion of the Cuajone concentrator definitely that is something that we are going to get the approval in the first part of next year in order to start the engineering and later the construction of this project as I mentioned.

(Marina Roe): Thank you very much.

Operator: Once again if you do have a question press star one on your touchtone phone. Our next question is from (Raphael Argoa) from Citigroup, go ahead.

(Raphael Argoa): Yes good morning. My question has to with costs. I was wondering if you could comment on what you're seeing in the cost front. If you are seeing some kind of a easening in the cost and now that the oil prices are coming down or

regarding some other input of raw materials such as explosives, steel whatever?

Eduardo Gonzalez: Yes we have seen some of the cost pressures ease over from last year that is the huge increase in prices or in costs so to speak mainly occurred from 2005 leading up to 2006 and so on. But this year we haven't seen such huge increases in costs with the exception of course of electricity which has continued to increase in terms of costs. But that has even showed some slight declines lately due to as you well mentioned the decline in oil prices.

Some of the oil or the electricity we purchased is being generated with fuel oil so that is why we have a slight advantage there. We have seen some of the fuels come down reasonably as oil prices have come down. And but again that has been mitigated by mainly electricity costs that are higher and another important cost that has been still up there is the cost of steel ball and steel items still up there.

And worker's profit sharing has been relatively higher than last year as well due to much larger profits despite the illegal work stoppages. But in general we think costs are easing or let's stay flattening out and we do not expect significant cost pressures going into 2007 or additional cost pressures that is.

(Raphael Argoa): And regarding spare parts or tires for the trucks for instance, do you notice any greater availability in that regard?

Eduardo Gonzalez: Yes tires have been an issue for some time. Fortunately we have not experienced shortages. We have our orders covered for our mine production plans but we have actually found a new market in terms of used tires. It used to be that we used to pay to get rid of tires or simply not be able to get rid of them. Today we're able to obtain significant prices for used tires being sold to

smaller mining companies that do not have access to the larger producers of tires that is.

So we've found ways to actually mitigate the increases of prices in tires and so on. And on the other hand we've also implemented initiatives whereby we – we're improving the let's say the wear and tear of tires over time and we have shown a significant decline in terms of consumption of tires despite more material moved this year compared to last year.

(Raphael Argoa): Okay thank you very much.

Eduardo Gonzalez: Thank you.

Operator: Our next question is from (Jamie Nicholson) from Credit Suisse, go ahead.

(Jamie Nicholson): Hi good morning. I'm wondering if you could comment on any acquisition or divestiture strategies you may be evaluating given this current environment of consolidation trends in the industry?

Eduardo Gonzalez: No we have clearly nothing to mention in that front. We'd like to keep it as of no comment at this stage.

(Jamie Nicholson): Okay. And maybe I missed this; did you describe what your CAPEX budget in terms of dollar amounts was for '07?

Eduardo Gonzalez: No we have not disclosed the '07 budget although you should expect that the budget will of course include at least the expansion of the SX/EW plant in Cananea which is already under way. The moly circuit at Cananea and perhaps some other projects around Peru perhaps even Tia Maria. But we have not disclosed those budgets yet.

(Jamie Nicholson): Okay. And then just one last question. At the (Maniro) Mexico subsidiary, have you paid down any of the two bonds or just the inter company debt to Southern Peru?

Eduardo Gonzalez: The total bonds outstanding at the our (Maniro) Mexico subsidiary our Mexican Division are \$154 million of 08's and \$125 million of 28's.

(Jamie Nicholson): And what's the – and then there's an inter company loan to Southern Copper right?

Eduardo Gonzalez: Yes but that has been reduced. I don't recall exactly what that amount is to date. I think there is about \$300 million remaining there but again that is inner company and of course gets eliminated in the consolidation. But if you don't mind emailing (Jorge) or Raul Jacob we can give you that information get you that number.

(Jamie Nicholson): Okay thanks so much Eduardo.

Eduardo Gonzalez: You're welcome.

Operator: Our next question is from (Raphael Biederman) from BBVA, go ahead.

(Raphael Biederman): Eduardo, a follow up on your comment on corporate prices. We don't want to make more than two questions. There has been some increase on inventories in DLME. In the first half of the year we saw in Asian locations like in Korea so everybody thought it was the SRB. But now we are seeing more significant in flows into Europe and into the U.S. I'd like to know if to know if you guys have a suspicion where is that from.

I mean is it really new producers, new capacity? If there a surplus happening? Or is just like the SRB I don't suppose it is. And also if you could give some update on the statistics of international corporate study group are like four months, three months delays. If you could give us some feeling on what is China demand? How are you feeling demand from China, Europe and the main markets right now?

Eduardo Gonzalez: In terms of your first question the highest level of inventories on a combined basis was weeks in the month of February. I believe that was around 180 – excuse me, 180,000 metric tons of total inventories, Shanghai, LME, and COMEX. Today we show a considerable decline from those levels. Of course we've seen ups and downs since but we still show a considerable decline and on average we still have a critically low level of inventories.

Most of these inventories are usually dumped in the case of traders or in the case of some managers that simply have no where to put this and put it on the inventories. It's not producers in general. Producers tend to sell it to their customers and so on. Your second question I don't understand. Raul, did you understand that?

Raul Jacob: I couldn't understand what he meant by that.

(Raphael Biederman): Sorry. The statistics of international corporate study group are like three months delayed. Does that mean the latest you have is from June/July? And for instance they showed China demands not very strong and not picking up after France is the holidays in China so. You guys have rewiring the market so you might give me a more updated view on like October, September. I mean demand was strong, weak that's what I need.

Raul Jacob: Basically following the same trend that we have seen through 2005 and the first half of 2006. Our indication on the Shanghai, LME warehouses is that the inventories have dropped from the last measurement that we have been following from them. So we believe that the Chinese economy is still very strong and especially in copper consumption.

Besides this we need to consider that China has been selling some of their strategic stock in copper to fill up certain mismanagement of their people that happen at the end of 2005 so that is something that has affected only copper physical deliveries and consumption in China as well. So we're seeing probably a portion of that. But in general terms the Chinese economy is very strong so far.

(Raphael Biederman): When your demand from Chinese clients are picking up more recently are strong?

Raul Jacob: Well we don't have direct sales to China.

(Raphael Biederman): Okay. One last thing I mean you mentioned you have no comments on acquisition. Eduardo, can you make some comment on the story of the (unintelligible) acquisition of Phelps Deutsche?

Eduardo Gonzalez: I'm afraid I can't.

(Raphael Biederman): Okay. All right okay thank you.

Eduardo Gonzalez: Thank you.

Operator: Our next question is from (Wayne Atwell) from North Street Capital, go ahead.

(Wayne Atwell): Thank you. Could you outline the expansion projects you have in the queue, i.e., if you complete all the projects you're talking about how much that's going to grow your capacity? And second of all, are you going to continue to pay out the majority of your earnings in dividends?

Eduardo Gonzalez: Let me answer that in two ways. In terms of the first generation projects Oscar mentioned, we expect that by 2009 to add to our base mining production approximately 110,000 metric tons in additional copper production. Oscar also mentioned some of the second generation projects. The second generation projects could add as much as 283,000 metric tons of additional copper production that is on top of 109.

And one of those projects does include the Cuajone concentrator and (unintelligible) construction which Oscar mentioned should be complete by '09. The other project should be complete by 2011 that is in the second generation projects. Once we move on to what Oscar said were the third generation projects that is Los Chancas and (unintelligible) that could add even an additional 360,000 metric tons of copper but that will take between 2011 and 2019. In terms...

(Wayne Atwell): Go ahead.

Eduardo Gonzalez: In terms of our dividend practice as you all don't have a policy, we will keep a high dividend pay out ratio as long as we are generating a very amount of free cash flow and have no use for that cash that is to say if we're not able to invest this cash in projects that yield a higher return then what investors can get on their own.

Then we declare that as a dividend. That is a basic philosophy. We do intend to avoid being negative carries associated with keeping a lot of cash on hand. And you should expect again that if we're not able to invest then in higher returns, then our cost of capital it'll be returned to shareholders.

(Wayne Atwell): Thank you. And can you give us any kind of a ballpark estimate on how much the capital cost might be for these first, second, and third phase expansions?

Eduardo Gonzalez: Absolutely. Oscar, would you mind?

Oscar Gonzalez: I think that you hit that there. But in the case of Peru for example Tia Maria we are talking about \$150 million to produce 43,000 tons of copper. In the case of Cuajone expansion we'll be in the order of I would say \$250 or \$230 million the first part that will include another 35,000 tons of concentrates. And in the case of Cananea our 33,000 tons from the leaching plant in counter production that will cost in the order of \$120 million to close the (unintelligible) that will be another \$50 million more of costs in order to have that production.

Then I would say that all together we are talking for 2009 of the amount that you mentioned of 110,000 but with a cost of maybe \$ 350 million no. I don't know if you have a – that in writing because I don't have it with me nor does to clarify something of what I say is right now.

(Wayne Atwell): Thank you.

Eduardo Gonzalez: I do Oscar and the figure you mentioned are exactly right. The first generation projects are approximately 109,000 metric tons of additional copper production by '09 with a total CAPEX of \$345 million. Second generation as I mentioned would be closer to 280,000 metric tons and total

CAPEX – capital expenditures for those projects would be approximately \$1.77 billion. And third generation which would be another 360,000 metric tons would be about \$2 billion in CAPEX between 2011 and 2018.

(Wayne Atwell): Okay thank you very much.

Eduardo Gonzalez: You're welcome.

Operator: Once again if you do have a question, press star zero – I'm sorry one. Thank you. We have a question from (Raphael Argoa). From Citigroup, go ahead.

(Raphael Argoa): Yes thank you. My question has to do with the new labor contract with workers at La Caridad. I would like to know if a – what are the main defenses between these new labor contract and the former one if there is any?

Eduardo Gonzalez: Oscar, would you like answering that?

Oscar Gonzalez: Yes we are working with (unintelligible) right now and with an open and collected contract with the union. The new area of the union not with the – this (unintelligible) union with the Mr. (Morales) union. And we think that we are going to be ready to sign something later or the middle of 2007 after we saw what we are doing with this contracts. Because we are right now only with 700 persons in working and we need to hire a little more in order to be at full production by the end of this year.

Then we think that is going to be a benefit for the company. This new contract because we are establishing really from a low contract more than a new (unintelligible) when we negotiated with the union will be some fringe benefits that we will add to this low contract. I don't know if that will answer your question.

(Raphael Argoa): Yes so you haven't reached a final settlement with the union in this regard?

Oscar Gonzalez: No not yet. We are just starting with initial contract with them in order to reinitiate the operations. But that will occur maybe next year.

(Raphael Argoa): Okay thank you very much.

Operator: I show no more questions at this time sir.

Eduardo Gonzalez: Okay. Thank you very much operator and thank you very much ladies and gentlemen for joining us today. And we'll see you next quarter.

Oscar Gonzalez: Okay thank you.

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