*Operator:* *Thank you for holding, and welcome to your conference with Mr. Eduardo Gonzalez*. All participants' lines will be in a listen only mode until the question and answer session. All this call is being recorded for transcription and replay purposes. Thank you for using Conference Services. Mr. Gonzalez*, I will turn the call over to you.*

Mr. E. Gonzalez*: Thank you very much, Mia. Good Morning Ladies and Gentlemen, and welcome again to the third quarter results, and review of Southern Copper Corporations results. All numbers that we mention here today will be in full U.S. cap in accordance, and in line with all of the prior quarters. First and foremost we will review some of the major highlights, and then we will go on, and review production numbers, then production sold, and then the actual financial performance, and highlights. In this sense, and in all cases I will be comparing the third quarter of 2005 with the third quarter of 2004. I will also compare the third quarter of 2005 with the second quarter of 2005, and we will also compare in all cases on accumulative basis that is the nine months ended on September 30, 2005, compare to the same period of last year.

The first item on the agenda that I would like to review today before I head into production numbers, and the like is that we had a unfortunate event at La Caridad, we had a walk-out in the smelter, and refinery, which occurred at approximately 5:00 in the afternoon yesterday. The smelter has been stopped since then, and so has the refinery, and the like. We do not expect this strike to spread out to the mining facilities, although there may be some risk of that, but I should mention that considering the significant amount of bonuses, and the like that the union members are losing, it is likely that the strike is not going to last to long. It is also important to underline that this is an illegal walkout that is (PAUSE) salaries as well again because it is an illegal walkout, somewhat due to disruptions created by the national labor union leader (inaudible/Spanish) regarding workers profit sharing arguments over 2003. Let me also mention that despite the fact that the ministry of economics in Mexico has issued a statement or a letter regarding the fact that there was no workers profit sharing 2003, the union has nevertheless decided to walkout, and thus this is the reason for the illegal strike, and again a significant reason why we believe the strike should not last too long or create too many disruptions.

I will try to keep my comments as brief as possible as we go through the numbers, and try to open it up for questions as soon as possible so that we allow all of the people on the conference call to ask whatever they feel is necessary. Let me begin first by Copper Production numbers:

In the third quarter of 2005, total Copper Production amounted to 178,000 metric tons of copper. That is a .4% increase compared to the third quarter of 2004, but a significant 5.6% increase when compared to the second quarter of 2005. That is when we compare to the last quarter we had an increase of all most 6% in Copper Production. The increase compared to the second quarter, and to the third quarter of last year is mainly due to increase through put on average throughout all of our mining facilities lead particularly by an increase at La Caridad mine that experienced in throughput equivalent to 37% in the third quarter of 2005, compared to the third quarter of last year.

I would also like to mention that on a nine-month basis, and a accumulative basis copper production amounted as of 30, September, 2005, to 508.6000 metric tons, and compares to a figure of 540,000 metric tons on September 30, 2004. That is a decline of all most 6%, and that is regarding the well-announced reason of the lower ore grade particularly at the Cuajone Mine of the Peru division. Largely mitigated by higher throughput in the Mexican facilities. Again, as you see the nine-months we did registrate decline of 6% in terms of copper mine production, but again compared to the last quarter, and to last period in the third quarter we split, we started showing an increase, and we believed that copper production should remain strong in the fourth quarter, and therefore be stronger than the first, and second quarters of this year, and perhaps even stronger than the third, and fourth quarters of last year.

When we turn to copper productions sold you will have probably noticed that although we produced a 178,000 metric tons in the third quarter of 2005, we only sold a 168.5000 metric tons. Much of the reason for this was regarding a scheduled maintenance at the La Caridad's melter in Mexico. Some of the production coming out of the mines in Mexico, particularly Cananea was sent all the way down to the Port of Ilo, and smelted in Peru. Nevertheless, we had an accumulation of inventories, and is somewhat the reason for perhaps lower sales volumes then the second quarter of 2005, and slightly lower sales production numbers in the third quarter of 2004. On accumulative basis, total sales amounted to 503,000 metric tons of copper, and compares to 519,000 metric tons of copper registered in the first nine-months in 2004. That is roughly 3% decline, and that is simply a result of the mine production, and a reflection of what has occurred, and some of the accumulation of inventories.

On the other hand when we look at molybdenum, and production, and molybdenum, and mine production hit its highest level in the third quarter of 2005 amounting to little bit up north of 3,800 metric tons, but also importantly we sold down inventories that were accumulated in terms molybdenum in the second quarter, we sold those third quarter.  The fact is that total molybdenum, and volumes sold in the third quarter was close to a record equivalent to 4,151 metric tons, and that compares quite favorably to the second quarter of 2005, which amounted to 3,300 metric tons, and certainly to last year on a accumulative basis, we had sold 9,970 metric tons in the first nine-months of last year, and this year we sold 11,400 metric tons in the first nine-months of this year, mainly led again by higher mine production in the third quarter of molybdenum as a result of higher through-put particularly again at La Caridad.

When we take a look at these productions numbers, and we couple this to the significant increase in metals prices, and in particular we saw an average copper at (inaudible) price of a $1.70 per pound during the third quarter, which compares again favorably to the second quarter of 2005, which averaged at $1.53 per pound.  The

$1.70 also compares rather favorably to last year where we averaged a $1.28 per pound of copper, and on an accumulative basis copper averaged $1.57 during the first nine-months of this year compared to $1.25. Molybdenum prices also increased considerably, and once we take this into account the higher production numbers with the higher metals prices propelled revenues, and income total sales that is, in the third quarter to a record One billion, thirty million ($1,030,000,000) dollars, which compares favorably again to the second quarter of 2005, where we registered Nine hundred and fifty eight million ($958,000,000) dollars. That is a 7½% increase when we compare the second quarter to the third quarter of this year.

Compared to last year we registered a 39% increase in revenues. Last year’s number amounted to Seven hundred, forty million ($740,000,000) dollars, and again compares to a little bit north of One billion ($1,000,000,000) dollars in the third quarter this year. On accumulative basis sales increased to all most Three ($3,000,000,000) dollars in the first nine-months, and amounted to $2.9 billion dollars compared to slightly above Two billion ($2,000,000,000) dollars last year in the first nine-months, a 42% increase. It is important to mention that when we look at the third quarter of 2004, compared to the second quarter, excuse me, when we compare the third quarter of 2005 in terms of costs of sales to the second quarter of 2005, that is to the last quarter we actually showed a decline in terms of total costs of sales of all most 9%, and of course we registered a very significant increase of 7½% second quarter verses third quarter in terms of revenues, thereby leading to a record high number in terms of EBITDA for saldern*, which registered a little bit over 59.6%. The other factor that is perhaps important to underline here is that we are finally starting to see a decline in total cost of sales compared to significant increases in the first nine months of this year, and certainly when we compare to the third quarter of last year. When we compare for instance cost of sales to the third quarter last year, we show a 10% increase in terms of cost of sales, when we compare cumulative numbers we show a 27% increase, but again second quarter to third quarter a decline of all most 9%. Again, the important thing to mention here is that we are seeing total cost pressure stabilizing, and thereby being able to take full advantage of increased copper production, and increased metals prices.

Of course operating in cup because of the prior reasons increased to five hundred, and forty six million ($546,000,000) dollars during the third quarter comparing to three hundred and twenty six million ($326,000,000) dollars in the third quarter of last year. That is a

67% increase, and when compared to the second quarter of this year we showed a 22% increase in operating income. In terms of accumulative numbers we showed in terms of operating income an increase of 56%, and amounted to $1.46 billion dollars during the first nine-months. The increased operating income is to spite a significant increase in depreciation. Depreciation has increased for two primary reasons:

1. We certainly have invested more in depreciation increases as a result of that; and also, we have invested more in capitalized stripping numbers this year, which as many of you know will be a factor that is eliminated next year; and
2. The second important factor why depreciation has increased is that we completed the negative good will, and amortization of the acquisition of the La Caridad mine back in 1989, and the fact is that we were decreasing depreciation by exactly forty two million ($42,000,000) dollars every year regarding this negative good will. So that is completed, and that is why depreciation has increased regarding negative good will.

EBITDA numbers in terms of GAP have amounted to a record six hundred, and fourteen million ($14,000,000) dollars in the third quarter of 2005, and compared quite favorably to the second quarter of 2005 of $517.9 million dollars. When compared to the third quarter of 2004 we showed an increase of 58% in EBITDA comparing to a number of $387.5 million dollars in third quarter 2004. On accumulative basis the numbers show the same dramatic increases. We showed EBITDA or registered a total EBITDA of $1.64 billion dollars in the first nine months, a 47% increase compared to the same numbers last year. EBITDA margin again amounted to 59.6% during the third quarter a record, and compares to a EBITDA margin of 52% last year. On accumulative basis EBITDA margin amount when 56%, and compares to 54% last year.

Net income despite the higher depreciation in the like was also a record number. Net income rose to approximately Three hundred, sixty-seven million ($367,000,000) dollars during the third quarter of 2005, also a record again, and demonstrates a 69% increase when compared to the third quarter of last year. When compared to the second quarter of this year, we still registered all most a 20% increase in net income, and on accumulative basis net income rose to almost a billion dollars, and in fact registered Nine hundred, seventy seven million ($977,000,000) dollars compared to Six hundred, fifteen million ($615,000,000) dollars last year, a 59% increase. Our total past cost of production despite significant cost pressures, which again have come somewhat under control lately registered -8.1 cents negative in the third quarter of 2005, and that compares to the second quarter of 2005 where we registered a -9.4 negative number. The slide reduction, and negativeness*, so to speak, is a result of lower molybdenum prices, and increased copper production.

On accumulative basis as of September 30, 2005, our cash cost was negative –8.1 cents per pound of copper, compared to +31.6 cents positive for the first nine-months of last year. Again the major reason for the decline, and heading into the negative numbers in terms of cash cost per pound is mainly due to the significant increase in molybdenum prices, and increases of molybdenum production, which is over course a bi-product. Our earnings per share also registered a record during the third quarter 2005, and amounted to almost $2.50 compared to $1.47 last year, that is 69% increase on a share-to-share basis, and in terms of earnings per share in the second quarter of this year it amounted to $2.09, that is a significant increase of roughly 19%.

Let me review some of the major highlights before I open the forum up for questions, and answers. One of the bullets that was mentioned in the press release, and I that is the fourth bullet, which mentions a total project capital expenditure amounting to Eight hundred and Seventy three million ($873,000,00) dollars, and has been approved. This is a budget that has been approved since 2004, and has an implement and we expect to complete it by the end of next year. This of course includes the idles melter modernization with alone takes up roughly Four hundred and fifty million ($450,000,000) dollars of the 873. It includes certain expansions, and comber belt systems, and crushers at La Toquepala Mine, which amounted to slightly north of Seventy million ($70,000,000) dollars, and it amounts certain SXEW expansions particularly going on right now at the Cananea Mine where we have started the Stage I of the expansion. That expansion should amount to roughly 10,500 metric tons of additional copper production per ear by 2007.

We will also initiate in the next few months the second SXEW expansion at Cananea, which we refer to as Plant III, and that should add an additional 22,900 metric tons per annum of total SXEW copper production, which added to the 10,500 should produce at least 33/44,000 metric tons original copper production.

We are final phase of free visibility of reviewing the concentrator expansion at Cananea as well as certain projects just as Tia Maria in Peru, which should add significant additional copper production LB it on a conservative basis very much in line with our philosophy at Solar*. Let me also underline that out of this eight hundred and Seventy three million ($873,000,000) dollar total approved capital expenditure for 2005 we have budget 524,000,000 of which we have spent a total of three hundred, and fifty-eight million ($358,000,000) dollars in the first nine-months in considerable linguist when compared to last year, that three hundred, and fifty-eight million ($358,000,000) dollars does include roughly twenty million ($20,000,000) dollars in expiration expense that we included as an investment here, which for financial statement purposes is of course an expense, and this is perhaps one of the reasons when you look at the cash flow statement you capital expenditure number will not quite sum up to the three hundred, and fifty-eight million ($358,000,000) dollars that you see on the fourth bullet point. Again, the reason for that is that we have included expiration expense as one of the investments.

With this in mind, ladies and gentlemen, let me open the forum up for questions, and I thank you again very much for participating in today’s conference call.

PAUSE

Mr. E. Gonzalez*: Hello Mia, are we opening up for questions?

*Operator:* *Yes, we will. We will begin the question, and answer session by anyone who wishes to ask a question to press star one on your touch-tone phone, we will be… automatically places the queue with if your name is announced. If someone else has all ready asked your question you may remove yourself from queue by pressing the pound key. If you have any questions, please press star one now.*

*Okay, it looks like our first question comes from Alberto Arez*. Alberto you have the floor.*

Alberto Arez*: Yes, Good Morning Gentlemen. Congratulations with the strong results. **Just a few questions with regards to your plans of expansion Cananea, first what is the CAPX for these Phase I, and Phase II of the SXEW, and what would be the CAPX on time table for the expansion of Cananea on the concentrator side?**

Mr. E. Gonzalez*: We expect to complete most of these expansions by… well, the first stage would be done by 2007, which is the 10,500 metric ton expansion, and that is really an expansion of the SXEW 1 Plan, which is the oldest plan at Cananea, and that should not take up any significant capital, we expect it should be anywhere between Fifty to twenty million dollars. It is a minimal CAPX. In the case of the SXEW Plan III, which should add an additional 22,000 metric tons approximately, capital expenditures there would be a little higher because this is a brand new plan, and we would have to incorporate certain crossers, and comber built systems in order to feed across the ore instead of run of mine least material to feed the SXEW Plan. Having said that the Plan III should be approximately Eight to One hundred million dollars including the comber built systems, and the like, and certain preparations mind you for the concentrator expansion. The concentrator expansion we expect may increase total throughput to 95,000 metric tons per day. Up from today 76,700 per day. That expansion should run us roughly about Eighty million ($80,000,000) dollars, and bring us an additional 30,000 metric tons of copper production. Again, be concentrator portion is in the final stages of brief visibility, and these numbers I caution you are still preliminary, but we should see significant divergences from here, and all of these should be completed by… let's say the concentrator at the latest by late 2008, perhaps 2009.

Alberto Arez*: **Following up on your investment philosophy, and use of cash flows we think in the mining industry, mining companies so redistribute in the cash back to shareholders, with for instance (inaudible) and Freeport to insure by (inaudible), and special dividends. Within a very strong dividend from Southern Peru as well just if you could refresh… what is the dividend policy that we should be expecting out of Southern Peru, and if you at any point would consider perhaps a share buy back given the extraordinary profitability your operations are having?**

Mr. E. Gonzalez: Certainly (inaudible), and thank you for the question. Our philosophy has continually been for many years, and continues to be today to try, and avoid to the largest extent possible negative carries will catch. We have complied with that philosophy (inaudible) we have continually paid significant dividends every single quarter. Now we always of course review the cash needs, and performance, and the like in order to have enough cash set aside to comply with certain capital expenditures, expansions, and so on, but cash that is left over we generally would rather give that money back to investors. We also believe that a share buy back program at this stage would probably dry up liquidity of Southern rather than increase liquidity. We believe we have a free flow that is material, but not so large so that we can go out, and buy back.

So as long as from the tax point of view, it is efficient to pay dividends, we will continue to pay dividends, and avoid negative carries, and that is really the basic philosophy.

Alberto Arez*: **Okay, and the final question on your hedge policy. You gave us an update in the last quarterly update conference call, could you give us a sense of what your… if you have increased your hedge position on copper or what should we expect going for worth?**

Mr. E. Gonzalez: We have a total hedge right now of 28,000 metric tons. These hedges all expire at the end of this month, and we have hedged those 28,000 metric tons, which is roughly 25 to 30% of our monthly production at $1.8906. So that is all of the hedges we currently have there. We are running a bit short right now at the copper prices in October have averaged above a $1.8906, but again that is only an October delivery, and the (inaudible/gimmet*) is only for 30% of October, which is equivalent to roughly 10% or our quarterly production.

Alberto Arez*: **So after October we should not expect any hedging exposure?**

Mr. E. Gonzalez: No.

Alberto Arez*: All right. Thank you.

Mr. E. Gonzalez: Your welcome.

*Operator: Okay, our next question comes from Andrea Weinberg*, Andrea you have the floor.*

Andrea Weinberg*: Hi Eduardo, congratulations with the originals. Very good to see that the costs were going down in the quarter. **Just wanted to understand if that was going to be a trend going forward, and if you could just highlight why some of the (inaudible) you said you seen to attract between Mexican, and the Peruvian mining assets?**

Mr. E. Gonzalez: Andrea, I think I understood your first questions regarding costs reductions in the future. I did not understand your second question, but let me take a crack at your first question, you repeat the second one; regarding continual costs controls, and reduction I do not believe we are going to see any material declines in our costs in production going forward, unless of course we see significant metal price decreases. If we see that then you can expect not only pressures to decline, but also a significant portion of workers profit sharing, and the like also declines, but at these levels I do not expect the cost to decline, but I certainly expect cost will relatively remain the same that is we think that cost pressures have stabilized, and that is the important indication from what I said regarding the past nine-months, and when we compare those to last year. And your second question was, Andrea?

Andrea Weinberg*: **It was on the seigniorages between the Mexican, and the Peruvian mining assets. If you could quantify some of the things that you are doing all ready that is actually leading to costs reductions.**

Mr. E. Gonzalez: Well, the first synergies have been for instance as the La Caridad's melter went into maintenance we were able to deliver 10,000 metric tons of concentrates into Ilo, and sell those in the market as we find copper. If you take a look at TC's RC's right now which are considerably high on the spot market, the total savings in that one transaction for instance were several million dollars, I believe that amounted to three and a half million dollars in just one transaction. We have started to integrate all of our operating units as one. They all report to one chief operating officer, which is Xavier Garcia Alkavedo*, and what he has done is started to switch people between Toquepala, Cuajone, and La Caridad in order to implement the forced desk practices, but also implement the best approach to say mining molybdenum, which Peru seems to do more or better than our Mexican facilities. In the case of Mexico we were able to increase molybdenum recoveries by 10% by applying the same processes that Toquepala and Cuajone are employing. That 10% increase is equivalent to 800,000 additional pounds of molybdenum production, which at $30.00 or $32.00 average is roughly Thirty million ($30,000,000) dollars, so that is a significant synergy right there, and I just mentioned two right now, but there are plenty of other synergies regarding asset, regarding smelter management, and so on, which we believe we will continue to implement, and increase costs savings throughout our facilities.

*Operator:* *Okay, our next question comes from Daniel Aufmant*. Daniel you have the floor.*

Daniel Aufmant*: Hi, congratulations on the great results. Two questions. **First, the costs in third quarter, I found very surprising on the low side, and I am wondering if you can talk about the mining costs removing bi-product credits. How it changed from the second quarter to the third quarter, and I guess on a per pound basis, and what were the key specific components to the quarterly change? The second question is I guess just current events,**

**you mention the strike at the beginning of the call, did you see a chance that this strike could last for weeks or do you think that this is a strike that by its nature will be kind of a one dayish type of walk out. Thanks.**

Mr. E. Gonzalez*: Okay, let me take a crack at your first question, Dan. In terms of the total all in cash cost prior to bi-product credits, I have the nine-month figure, which amounts to 97.9 cents per pound, and the second quarter figure roughly was $1.01, so you do see a decline in terms of the total all in. The 97.9 cents then compares to roughly 82.5 cents last year, and so again from 82.5 to 97.9 there is a significant increase, but when we take a look at the second quarter we actually start seeing a decline. Most of the increase, lets say that is roughly 17 cents per pound of copper increase between 2004, and 2005, most of that increases is mainly due to two things actually. One, is lower copper production because our lower grades declined, so as of course as you decrease the amount of copper produced by the same cost you have an increase. The second one is an increase in workers profit sharing, which constitutes roughly 30% of that increase, roughly 30% having to do… actually 20/25% having to do with lower production, and the remaining 40% roughly than is due mainly to other cost pressures regarding increases in prices of diesel fuels, natural gas, steel ball, reagent, tires, and the like, but we start seeing again some sort of stabilization leading up to the third quarter. Largely this 97.9 comes down to a negative number of 8.1 cent due mainly as I mentioned to the fact that molybdenum alone amounted to 71.1 cents per pound of copper in terms of bi-products, that is the largest component by far. All of the other bi-product credits amount to the remaining 25 or 30 cents. That of course includes gold, silver, lead, zinc, sulfuric acid, and so on. So I hope that responds to your question.

Daniel Aufmant*: **Well, just as a follow up, I guess to… we have the nine-month, and we have the second quarter. Do you have the first quarter so we can figure out what the third quarter was?**

Mr. E. Gonzalez*: I believe, I am going to say this from memory because I do not have it in front of me, but I do recall it was over a dollar.

Daniel Aufmant*: Okay, it just seems… I mean it is good, but it seems counter intuitive that mining costs could be lower in the third quarter when most other companies are complaining about higher costs in the third quarter.

Mr. E. Gonzalez*: Well, we still complain, Dan. It does not mean that we are happy with the costs. It means that we are starting to notice some stabilization. The costs are up there, but there is some stability going on there; at least in our case. I cannot speak for other mining companies.

To respond to your second question, no I do not expect to the strike to last weeks. Perhaps it may last a few days, I do not expect it to last 24 hours either. Of course in these things it is always very hard to say… suffice it to underline that they are losing or will be losing their right to salary, and significant bonuses in terms of workers profit sharing, and productivity bonuses that we pay. So I do not believe from a rational point of view that this strike could last to long. It is that simple.

Daniel Aufmant*: Okay, thanks again.

Mr. E. Gonzalez*: Your welcome.

*Operator:* *Okay, our next question comes from Jorge Verastein*, I apologize if I mispronounced your name. You have the floor.*

Jorge Verastein*: Hi Eduardo, it is Jorge Verastein* with (Inaudible). **Maybe I could just get some clarity then on the 2000 and…. well, the fourth quarter CAPX budget that you have, and the 2006 CAPX budget; that is my first question.**

Mr. E. Gonzalez*: You want the 2004 budget?

Jorge Verastein*: **The fourth quarter of 2005, what you intend in CAPX? And then what your 2006 full year budget would be?**

Mr. E. Gonzalez*: Well, I mentioned that the total budget for this year amounted to 524 of which a… well, once we take expiration expense away we have spent probably roughly 310, so the remainder of roughly One hundred, and eighty million ($180,000,000) dollars is we expect to spend about 120 in the fourth quarter mainly on the smelter, so that we are not quite going to reach the budget, and again one of the things that I mentioned in (inaudible), and the like is that we budget 524, and then we go out, and see how we can improve on that, and some of those are actually capital expenditures savings where we actually get items for lower cost then we did, and the other ones are somewhat delayed in receiving equipment or in expansions in the like. So there is a combination of those things going on. The remaining let's say sixty/seventy million ($70,000,000) dollars in

CAPX should be deferred to the first, and second quarter of next year.

Jorge Verastein*: **And so what will your full year 2006 CAPX budget be including this deferral of 60 to 70?**

Mr. E. Gonzalez*: On preliminary basis we do not expect capital expenditures next year to rise above four hundred to four hundred, and fifty million ($450,000,000) dollars.  Of course that will depend, and is contingent upon board approval, and there maybe certain projects that we approve, and depose such as Tingo Maria, and the like, which may (inaudible), but we should be roughly about 450 next year in terms of budgets.

Jorge Verastein*: **Okay, and sorry my second question just in terms of dividend policy, are you targeting any kind of pay out ratio, we noticed a big jump this quarter.  Would it be logical to assume a 60 to 70% dividend ratio going forward given that you do not want to accumulate cash on your balance sheet?**

Mr. E. Gonzalez: No, I think that would be inappropriate.  I think again the best way to view our philosophy Orhay* is that if you see a great performance, and we are not investing that money at higher than our cost of capital then we would rather give that to shareholders. If that turns out to be 30% payout racial to net income or examine the percent payout ratio to net income, it is simply a result of our philosophy, and not the other way around. We do not like pay out ratios in particular because although they give certain clarity to investors of how much we are going to pay it may infringe on the companies ability, and flexibility to invest appropriately in its operations, and the like. We would like to say away from that, we run a tight ship, we control costs, we like to generate free cash flow if we cannot invest entire our cost of capital we give it back to shareholders. It is really that simple.

Jorge Verastein*: Okay, thank you.

Mr. E. Gonzalez*: Your welcome.

*Operator:* *Okay, our next question comes from Raphael Eloy*. Raphael you have the floor.*

Raphael Eloy*: Thank you. Good morning, Eduardo. This Raphael Eloy* from Deucha*. Couple of questions. **You are reporting that total debt of a 1.19 billion dollars, if I deduct the Mitzui loan, the new notes by SBCC, and the 425 million outstanding of the 9.25**

**Yankee (inaudible) 2028; I see a difference between the outstanding amounts that you had on the Yankees 08's , could you give me like a breakdown of the pieces of debt the (inaudible) standing?**

Mr. E. Gonzalez*: Sure I will give you an exact breakdown of what is outstanding, and perhaps what you forgot to add there is the short term portion, and that should give you culture number two to the total debt number, but in any event we have a total right now of $347,000,000 of Yankee bonds. $125,000,000 of which are 28's, and the remaining of 222 are 08's, okay? That is a bullet in 08. We have 85,000,000 of Mitzui and that is a significant portion of that lets say 10,000,000 is in short term, and then we have 800,000,000 in long term bonds, and that as at 800,000,000 is 200,000,000 in ten year 2015 bonds, and 600 in 35's.

Raphael Eloy*: **And the other thing a little bit following up on the CAPX, you have the new approval for (inaudible) 73, and you are expecting to spend about 450 in 2006, how are you planning to exercise the balance over what period of time more or less?**

Mr. E. Gonzalez*: Well that is again as I mentioned, we are currently reviewing, have been reviewing, and will continue to review all of our options very carefully in terms of what make sense for our shareholders. In terms of expansions, in terms of how fast we get that benefit for our shareholders in terms of potential acquisitions, and the like. All of these things are currently being review, and may change, and may of course entail an appropriate use of resources, and cash in the next quarters, and years regarding our free cash flow that is to say the difference between EBITDA minus taxes, and capital expenditures, but again the capital expenditure figure can change significantly depending what our board of directors decide to do or from the point of view of an acquisition or something of the like. All of these things are currently being reviewed. There is nothing that we have made a decision on, but we are reviewing, and we have to of course be very, very careful that anything we do on the one hand is acquitive* to our shareholders whether it is internal growth or acquisitions or the like. On the other hand we have to of course keep an eye on our balance sheet, keep it strong, and keep it investment great.

Raphael Eloy*: Thank you very much Eduardo.

Mr. E. Gonzalez: Your welcome.

*Operator:* *Okay, our next question comes from Raphael Eurkea*. Raphael you have the floor.*

Raphael Eurkea*: Thank you very much, and good morning everyone, and I have a couple questions. **The first one is related to a production from the program operations. I would like to know if you… what are your expectations for production in 2006, if you expect or rates to continue the climbing or you expect the recovery? And my second question is regarding to molybdenum production. I would like to know if the production levels that we saw… when should we expect them to continue going forward?**

Mr. E. Gonzalez*: Okay, in response to your first question we have continually stated that we do expect the Cuajone mine or grades to increase. Cuajone is a mine that experienced the largest decline in ore grades when we compared to last year. Last year for instance Cuajone in 2004 was a lower grade of roughly .79%. This year its average roughly .64%, and we expect that to start increasing, and in fact it has slightly started to inch upwards already in these months, but we do expect that to increase next year. In the case of Cananea we should see steps stability or slight increases getting into next year in the case Toquepala stability, and in the case of La

Caridad a slight decline. On null in basis, and let me give you an example of this; our total or grade for the third quarter of 2005 amounted to .61% compared to an average lower grade in the third quarter of 2004 of .656% that is about a 7% decline. Heading from this year to next year we should be somewhere between .63, and .64% on average next so mining production should inch upwards next year.

And your second question?

Raphael Eurkea*: **My second question was related to molybdenum production.**

Mr. E. Gonzalez*: Molybdenum was ironically in terms of sales higher than any other quarter this year mainly for two reasons. Again, we produce 38,000 metric tons at the mines, but sold 41,000 metric tons roughly, and the 300 additional if you will recall were an accumulation of inventory in the second quarter, so what you should expect going forward is that we should not sell 41,000 metric tons, we should sell somewhere closer to 37,000 metric tons, and mine production should remain at roughly about the level of 37,000 metric tons per quarter.

Raphael Eurkea*: Okay, thank you very much.

Mr. E. Gonzalez: Your welcome.

*Operator: Okay, our next call comes from Jamie Nicholson, Jamie you have the floor.*

Jamie Nicholson*: Yes, I see. Good Morning Eduardo. **Just quickly could you give us a breakdown of EBITDA from Monaro, Mexico, and its cash production costs?**

Mr. E. Gonzalez: Absolutely. If the case of the Mexican division EBITDA in the third quarter amounted to 251.6 million, and that compares to EBITDA in the second quarter of 243 million, and compares to a figure of last year of 156.7; in the case of Peru division EBITDA mounted to 371.7 in the third quarter 292.3 in the second quarter, and last year 230.8. The cash cost of operation I am afraid I do not have it in front of me, but it was slightly positive in the case of Mexico, and this is a… if I recall from memory roughly about three or four cents positive in the case of Mexico, and roughly negative twelve in the case of Peru, and the average gives you about minus eight.

Jamie Nicholson*: **And have you had any recent discussions with your rating agencies in particular Moody's and Fitch or do you plan to have any follow up discussions following these results?**

Mr. E. Gonzalez: Yes, we actually planned to have discussions shortly, and we are currently trying to set up meetings with them in fact. So yes we are.

Jamie Nicholson*: Okay, thanks very much.

Mr. E. Gonzalez: Your welcome.

*Operator:* *Okay, our next question comes from Edmund Jarkis*, Edmund you have the floor.*

Edmund Jarkis*: Yes, thank you very much (inaudible). Hi Eduardo. **Just would like to ask you about your large expansion plans at Cananea, and Toquepala. What would it take for to lets say start considering expanding the mines above what your improvement plans are, and what kind of a flesh nary pressures you see your cutbacks for large inspections in those mines?**

Mr. E. Gonzalez: I do not see you are going to see large diversion's from what we have said all ready in terms of CAPX and the like. Again, what is important to keep in mind here is our philosophy. We are very prudent. We certainly do not want to bring about the big bang project that floods the market with copper unless we are absolutely certain… well, relatively certain that this is not going to significantly disrupt the markets. On the other hand, we are also reviewing possibilities to acquire rather than expand because that may make more sense, but it is very difficult to say exactly what how much of this is discretionary. I would say none of it is discretionary. We would have to take all of these things up with the entire board, and once we prove to the board the appropriateness of a certain action then of course we will disclose it to the market, and the like.

Edmund Jarkis*: **Okay, with that said does like in following up on your previous comments about production. How much copper production could you expect in 2006 compared to 2005?**

Mr. E. Gonzalez: Well, you should expect a slight increase regarding this year simply because of a slightly higher ore grades, but expansions should not have kicked in yet. I think that a relative number for next year should be anywhere between 700 to 720, but again this is still a preliminary figure. We will disclose the budget when the time comes, and perhaps in the next two years or three years after that we can add an additional 100,000 metric tons at least of additional production in terms of expansions.

Edmund Jarkis*: **Okay, and would 100,000 tons be in that figure or could we also consider that you are going to see declining grades or low productions in some of the mines that would offset part of the expansion figure?**

Mr. E. Gonzalez: You can assume that is a net figure, and of course I underline in caution that we are still reviewing all these things there could be considerable changes to this… to the upside or the downside, and in terms of time as well.

Edmund Jarkis*: Okay, fair enough. Thank you.

Mr. E. Gonzalez: Your welcome.

*Operator:* *Okay, our next question comes from Francisco Martins*, you have the floor.*

Francisco Martins: Yes, Good Morning Eduardo**.** It is Francisco Martins* from Miller Tayback*. **You mentioned that the share buy back is not in**

**under consideration. What about a tender offer for some of your debt?**

Mr. E. Gonzalez: No, we have currently not considered that, and the reason for that is, well; on the one hand we have a very long-term debt. On the other hand the short-term debt, which is the Yankees, is so short term in trading at such a premium that it may be an inefficient use of resources at this stage. It maybe more appropriate to simply let those expire, and then pay them at face value rather than pay a 10/11% premium on something that is maturing in 2008. Having said this, and on the other hand we believe that we have statistics that are by all means even under stress copper price scenarios, and under utilize balance sheet. So repurchasing debt at this level simply increases our cost of capital rather than improve our total capital structure. So I do not expect any further buy backs of Yankees, and the like.

Francisco Martins: Thank you.

Mr. E. Gonzalez: Your welcome.

*Operator:* *Our next question comes from Alberto Ayrez*, Alberto you have the floor.*

Alberto Ayrez*: **Yes, just a couple of quick follow up questions. Next year in the U.S. under U.S. gap, there is going to be a change for the first (inaudible), and I was wondering if you have (inaudible) what would be the impact on your cost if any?**

Mr. E. Gonzalez: Yes, the impact on the cost should be roughly about 100,000,000, a little less than that, about Eighty million ($80,000,000) dollars a year is capitalized stripping so when we take a figure of roughly Eighty million ($80,000,000) dollars availability divided by lets say 700,000 metric tons, which is… lets say our average production, we get a number of… lets see 1.5 billion pounds divided by 1580… so that should be roughly 4.7 cents of cost increase per pound of copper. So instead of being for instance negative 8.1 we should have been negative three or four cents. On the hand it is important to say on a free cash flow basis it is at worse a wash, and perhaps even at benefit because capitalized stripping in the U.S. it does not get deducted for physical purposes once we start expensing this Eighty million ($80,000,000) it is deductible of course so we should get an additional 30% from that in terms of deductibility.

Alberto Ayrez*: **Okay, and with regards to the Ilo smelter organization program, you are getting close to construction, there has been a little changes on the building charges, refining charges,**

**march better than what we have seen in previous years, are you reconsidering some kind of flaunt, and perhaps continue to operate the old reverbatory smelters along with the new ISASMELT melter or are you going to… what are the plans for the old smelters, are you going to just simply shut it down or sell it or continue to operate it if you can?**

Mr. E. Gonzalez: A good question, Alberto. You are correct (inaudible) are considerably more attractive today then they have been at any time in the past perhaps decade or as long as I can remember, which is not long, but in any event, we will not operate the reverbatory furnaces, those have to be stopped, and will be stopped as soon as the new ISASMELT Furnaces up in running, which should be no later than October, we are actually test run in the second half of next year all ready. The smelter as you know well, well underweight, most of the infrastructure is there, we actually saw the ISASMELT Furnace being placed, and the core being placed right now, and this is technology that we think is going to reduced cash cost, but also comply in terms of environmental standards. There is an option, and let me review this with you quickly the current ISASMELT technology gives us a capacity of roughly 1.25 million tons per annum of total production concentrate production thruPA*. The (inaudible/Spanish/elpamenta*) furnace is currently being taken out of the process, but can very simply be put back in the process, not the reverbatory furnace, but (inaudible/Spanish) yes, and that could take us up to a capacity of a little bit north of 1.8 million metric tons of through put, and take advantage of this market. The additional investment to get to the 1.8 million metric tons from the correct 1.25 million is minimal, it only takes some acid plan to investment, and the like, and is all being considered as we expand, and modernize the current smelter. So we can take advantage of that, and that is something that, and that is something that we will review in the next few months.

Alberto Ayrez*: **Okay, and final question, on your press release you talk about the drilling process at Los Chancas, and there is another one here, I think it is Tia Maria or something like that in (inaudible) Peru. If you could please tell us is it possible to quantify the resources of your finding those two prospects, and also explain to us why given the huge resource space that you have at Cananea, which is a fully developed mine. Are you putting emphasis on Greenfield projects in Peru where the environment has become very difficult for getting permit?**

Mr. E. Gonzalez: Let me take a crack at first at Cananea, and then I will Raul Yocko* take care of the Peruvian properties, Raul are you on the line?

Raul Yocko*: Yes, I am here.

Mr. E. Gonzalez: Okay. Well, let me talk a little bit about Cananea. The reason we have not done huge expansions yet is that we prioritize our projects at this stage by bang for your buck, and net present value per share based on long term metal prices, and the like, and it seems that it is right now more appropriate to go into expansions in Peru rather than make expansions in Cananea in terms of a MPB basis LB it, and suffice it to say that they are all significantly MPB positive. Having said that this is one of the advantages of having a global company of having properties in two countries, and of course diversifying away from labor disruptions, and the like. We also see currently certain labor disruptions in Mexico particularly with a unstable union leader, which does not allow us to consider projects here as lets say as higher MPB than those who prove once you adjust for that factor. These things we thing will change in the near future, and we are working to achieve that, but as long as these things continue then we make a choice, and we go for the highest MPB project, and these seem to be mainly in Peru right now.

Raul, would you like to add something about Tia Maria, and Los Chancas?

Raul Yocko*: Certainly. In Tia Maria we are in our final year of drilling. This is the fifth campaign, and we are seeing very promising results, but we do not have a conclusive figure regarding reserves. We expect this deposit to be developed with FXEW technology, and we will like to have 40,000 metric tons of copper plant in there. Regarding Los Chancas drilling campaign has finished, and we are currently evaluating the results, however, the company announced before that we have 200,000,000 tons of minerals with an ore grade for copper of 1% molybdenum as an average, and molybdenum of .07%. As I said we are currently initiating the pre-visibility study in Los Chancas, and we will have some more indication on what kind of investment is the best for these deposits.

Alberto Ayrez*: **Does Los Chancas involve a big stripping ratio or is it a near surface ore body with this 1% copper grade?**

Raul Yocko*: The copper grade as an average is 1%; the stripping is very low with less than one at this point. However, there are a few may no there are different size of pits that we may develop. We have found that there are oxides as well as (inaudible) for minerals.

Alberto Ayrez*: **Okay, and the oil grades at Tia Maria on tripping ratios if you can share us?**

Raul Yocko*: No, we do not have that information yet.

Alberto Ayrez*: Okay. All right. Thank you.

Raul Yocko*: Sure.

Mr. E. Gonzalez: Thank you Raul.

*Operator: Okay, the next question comes Jorge Verastein*, Jorge you have the floor.*

Jorge Verastein*: I am sorry. I will just be brief. **Could you give us some guide inside full year tax rates for 2006? We have seen quite a jump quarter over quarter, and as well what is going on with your zinc production? We have also noticed a big pick-up sequentially in zinc output.**

Mr. E. Gonzalez: Yes. Our marginal tax rates should increase roughly 32% next year, and that is a result of running out net operating losses very, very, very fast in the Mexican division. The Peru division on the other hand has continually paid roughly 35% tax.  Well, 30% in the case of Peru, and the remaining 5% in the case of the U.S., so we should be moving a little bit North of 30% next year, and of course a jump in taxes is for that reason.  First, a very large increase in metals prices, very large revenues, lower costs or relatively stabilized cost, and running out NOL's.  Does that answer your question, Jorge?

Jorge Verastein*: **Yes, and just the follow up was on the zinc, that we seen a strong sequential pick-up in zinc out-put, and I was wondering what that was due too?**

Mr. E. Gonzalez: Yes, there is about all most a 10% increase year on year, nine months, and on a quarterly basis we have about a 14% increase. That is a result mainly of reopening one of our underground minds that was opened up about mid last year or late last year, and now of course is in full production, and that is the main reason for that. Ore grades, and the like remain about stable or flat again it is just opening up one of those smaller underground mines, which is added to the additional production, and that should remain at about these levels.

Jorge Verastein*: Thank you.

*Operator:* *Okay, our next question comes from Raphael Eloy*, Raphael you have the floor.*

Raphael Eloy*: Hi Eduardo. Raphael Eloy* again. **Going back to the debt, Eduardo, with the figures you gave me the 125, and the 222 for the Yankees, the 85 Mitsubishi, and the 80 for SBCC; I get a total of 1.232 billion. On the balance sheet you show ten million in current liabilities, and current personal long term debt, long term debt of 1.18 billion, so that is 1.193 total there is a difference of 39,000,000. What am I missing?**

Mr. E. Gonzalez: You are not missing anything. It is a fact that we employ pushed down accounting to measure our total debt, and these are currently trading at least in terms of the Yankees over face value, then you have a push down in the total debt in the balance sheet, and that shows a reduction of 30,000,000.

Raphael Eloy*: Okay. Thank you very much.

*Operator:* *Okay, right now we do not have any more questions in queue.*

Mr. E. Gonzalez: Thank you very much ladies and gentlemen, and again, I will expect to see you perhaps in tomorrow's New (inaudible/Spanish) Mexico conference call, and certainly in the next quarter.  Thank you again ladies and gentlemen.  See you next time.

*Please Note:  Proper names/organizations spelling not verified.

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