

MINERA LOS PELAMBRES
UNAUDITED FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2006

(TRANSLATION FROM SPANISH VERSION
FILED WITH SUPERINTENDENCIA DE VALORES Y SEGUROS
DE CHILE 29TH NOVEMBER 2006)

MINERA LOS PELAMBRES

BALANCE SHEETS AT SEPTEMBER 30, 2006

(In thousands of United States Dollars - ThUS\$)

	ThUS\$
ASSETS	
CURRENT ASSETS:	
Cash in hand and at bank	879
Time deposits	531,860
Marketable securities	6,472
Trade debtors - net	368,747
Sundry debtors	44,837
Accounts receivable from related companies	24
Inventories - net	46,918
Refundable taxes	4,470
Prepaid expenses	6,568
Deferred taxes	2,047
Other current assets	<u>150</u>
Total current assets	<u>1,012,972</u>
FIXED ASSETS:	
Land	8,234
Constructions and infrastructure	821,987
Machinery and equipment	542,650
Other fixed assets	<u>495,761</u>
Subtotal	1,868,632
Accumulated depreciation	<u>(462,464)</u>
Total fixed assets - net	<u>1,406,168</u>
OTHER ASSETS:	
Intangibles - net	141,564
Other	<u>8,273</u>
Total other assets	<u>149,837</u>
TOTAL ASSETS	<u><u>2,568,977</u></u>

The accompanying notes are an integral part of this financial statement

LIABILITIES AND SHAREHOLDERS' EQUITY

ThUS\$

CURRENT LIABILITIES:

Bank loans: short-term portion of long- term debt	87,401
Accounts payable	55,725
Sundry creditors	8
Accounts payable to related companies	1,181
Accruals	20,822
Withholdings	37,913
Income tax payable	92,127
Other	684

Total current liabilities 295,861

LONG-TERM LIABILITIES:

Bank loans	273,108
Accounts payable to related companies	165
Accruals	13,780
Deferred taxes	135,922

Total long-term liabilities 422,975

SHAREHOLDERS' EQUITY:

Paid-in capital	373,820
Retained earnings:	
Retained earnings	1,081,748
Interim dividends	(1,070,000)
Net income for the period	1,464,573

Total shareholders' equity, net 1,850,141

TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY2,568,977

MINERA LOS PELAMBRES

STATEMENT OF INCOME FOR THE PERIOD ENDED SEPTEMBER 30, 2006 (In thousands of United States Dollars - ThUS\$)

	ThUS\$
REVENUES	2,130,068
OPERATING COSTS	<u>(288,815)</u>
OPERATING MARGIN	1,841,253
ADMINISTRATIVE AND SELLING EXPENSES	<u>(54,331)</u>
OPERATING INCOME	<u>1,786,922</u>
OTHER INCOME (EXPENSES):	
Other income	691
Financial income	26,855
Financial expenses	(16,411)
Other expenses	(1,375)
Exchange differences	<u>1,080</u>
Other income - net	<u>10,840</u>
INCOME BEFORE INCOME TAX	1,797,762
INCOME TAX	<u>(333,189)</u>
NET INCOME FOR THE PERIOD	<u><u>1,464,573</u></u>

The accompanying notes are an integral part of this financial statement

MINERA LOS PELAMBRES

STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED SEPTEMBER 30, 2006
(In thousands of United States Dollars - US\$)

	ThUS\$
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Net income for the period	1,464,573
Charges (credits) to income not representing cash flows:	
Depreciation and amortization	52,869
Mark to Market	(11,133)
Accruals and other long-term	892
Accrued interest	5,959
Write off of fixed assets	53
Loss (profit) on sale of fixed assets	(609)
Exchange differences	(1,080)
Other	1,135
(Increase) decrease in current assets:	
Trade debtors	(131,393)
Sundry debtors	3,718
Accounts receivable from related companies	5
Inventories	1,605
Refundable taxes	515
Prepaid expenses	69
Other current assets	(132)
Increase (decrease) in current liabilities:	
Accounts payable	16,255
Accounts payable to related companies	74
Accruals	(4,780)
Withholdings	17,562
Income tax payable	20,428
Unearned income	(1,488)
Net cash provided by operating activities	<u>1,435,097</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Additions to fixed assets - net	(344,935)
Sale of fixed assets	1,426
Net cash used in investing activities	<u>(343,509)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Payment of dividends	(1,070,000)
Loan repayment	(43,109)
Net cash used in financing activities	<u>(1,113,109)</u>
TOTAL NET NEGATIVE CASH FLOW FOR THE PERIOD	(21,521)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>560,732</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u><u>539,211</u></u>

The accompanying notes are an integral part of this financial statement

MINERA LOS PELAMBRES

NOTES TO THE FINANCIAL STATEMENTS

(In thousands of United States Dollars - ThUS\$)

1. INCORPORATION OF THE COMPANY

Minera Los Pelambres is a contractual mining enterprise that started operations on June 4, 1996. The corporate purpose is exploring, developing and exploiting its mining properties, principally for the purpose of producing and selling copper concentrate, and of performing all the business activities associated with the mining industry.

According to the requirements of Law 20,026 on the Specific Mining Tax published in the Official Gazette of 16/06/2005, and the relevant regulations issued by the Superintendence of Securities and Insurance ("SVS") through its Exempt Resolutions 549 of 23/09/2005 and 39 of 3/02/2006, the Company shall deliver its Quarterly and Audited Annual Financial Statements, and an Annual Report, to the SVS, in the manner and at the time stipulated in such Resolutions. Thus, as a company receiving foreign investments earmarked for developing mining projects, it claimed the rights stipulated in new article 11 Ter of Decree-Law 600 of 1974, setting an invariable 4% rate for the aforementioned Specific Mining Tax for a period of 12 years.

By express provision of the above regulations issued by the SVS, the Financial Statements and Annual Report delivered for operations and transactions taking place as of January 1, 2006, will not be compared with the 2005 fiscal year, this year only, because 2006 is the first year in which the above tax is in force.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of presentation - The financial statements as of September 30, 2006 have been prepared in accordance with accounting principles generally accepted in Chile.

b. Basis of preparation - The Company keeps its official accounting records in United States dollars (hereinafter US\$) as a result of a special authorization from the Chilean Internal Revenue Service.

Therefore Chilean peso transactions have been converted into United States dollars using the exchange rate on the date of the transaction. Asset and liability balances for accounts recorded in local currency have been converted into United States dollar amounts using the exchange rate of Ch\$537.03 at September 30, 2006.

c. Time deposits - Time deposits are stated at original investment amount plus accrued interest at the close of the reporting period. Also included are other instruments entered into with local financial institutions under resale agreements, which are stated at cost plus accrued interest at period end.

d. Marketable securities - Marketable securities are mutual fund units valued at redemption value at the close of the financial statements.

e. Inventories - In-process and processed ore inventories are stated at weighted average cost in conformity with the method of full absorption of fixed manufacturing overhead, that is including indirect manufacturing overhead and depreciation of fixed assets related to Company production units.

Raw and other materials, as well as supplies and spare parts in the warehouse, are stated at average purchase cost. At September 30, 2006, this item is stated net of an obsolescence allowance of ThUS\$2,601.

The cost of inventories does not exceed their net realizable value.

f. Prepaid expenses - Prepaid expenses mainly include the unexpired portion of insurance policies taken-out to cover operating, transportation, civil liability, air and harbor handling risks, with premiums including brokerage commissions.

g. Fixed assets - Fixed assets are stated at purchase cost. Depreciation has been calculated based on the technical production units, for assets subject to depreciation in accordance with adequate technical indicators. For other fixed assets, depreciation is calculated using the straight-line method over the estimated useful life of the assets.

Mining properties are stated at acquisition and/or incorporation cost, as appropriate, and are amortized on the basis of the extraction of proven and provable ore reserves.

Prestripping relates to the preparation and development of the mine accumulated cost during the project's construction period and/or its capitalizable expansions or optimizations, and to other geological and mining development costs incurred during the preoperating stage, including planning, engineering, support equipment, maintenance, and supply costs, etc. necessary to dispose of barren rock and prepare the pit for exploitation. It is amortized based on extraction of proven and provable ore reserves.

h. Intangibles - These are mainly pre-operating costs, including original feasibility studies and others, aimed at enlarging production capacity, as well as costs associated with management and support units incurred during project development. Costs involved in obtaining project financing in the pre-operating phase are also included. These costs are amortized from a financial standpoint on the basis of the extraction of proven and provable ore reserves.

i. Vacations - The periodic cost of employee vacations is charged to results on the accrual basis.

j. Income taxes and deferred taxes - The Company calculates its first category income and specific mining tax provisions based on Net Taxable Income and Operating Taxable Income respectively, calculating them as provided for in the Chilean Income Tax and Specific Mining Tax Law.

The effects of deferred taxes for temporary differences, tax losses and other items that create differences between the tax and accounting basis of assets and liabilities are recorded following the standards set by Technical Bulletin N°60 and complements of the Chilean Institute of Accountants.

k. Severance indemnities - The Company accrues the severance indemnity liability at present value based on the collective bargaining contracts and the Board of Directors decisions in the case of non-union employees. The severance indemnity liability is presented in long-term liabilities under the “Accruals” item.

l. Mine closure - The Company provides for mine closure and abandonment of installations cost at present value pursuant to the policies established by its parent company Antofagasta plc and legal environment obligations entered into with government agencies. Such accruals are presented in long-term liabilities under the “Accruals” item.

m. Cash equivalents - For purposes of the statement of cash flows, cash includes time deposits and readily realizable financial investments maturing within 90 days, including fixed-income mutual fund units.

n. Revenue - Copper concentrate sales are recognized at shipping dates, net of treatment and refining charges, and valued in conformity with contract clauses used in invoicing, which carry a provisional price. At the period end, revenues are adjusted on a “mark to market” basis, when this value is less than the amount provisionally booked, considering for that purpose contract clauses regarding dates for calculating final prices, and using the conservative criterion of adjusting provisional prices to month-end market values. In addition, provision has been made for estimated losses in the arbitration of invoiced amounts.

3. TIME DEPOSITS

The detail of time deposits and financial investments is as follows:

	Currency	ThUS\$
Foreign time deposits	US\$	<u>509,538</u>
Local time deposits	Ch\$	<u>22,322</u>
Total time deposits		<u><u>531,860</u></u>

4. MARKETABLE SECURITIES

The detail of investments in mutual funds is as follows:

	Currency	ThUS\$
Local Mutual Funds	Ch\$	<u>6,472</u>
Total Investments in mutual funds		<u><u>6,472</u></u>

5. TRADE DEBTORS

The balance of trade debtors, broken down by geographical area, is as follows:

	ThUS\$
Foreign Debtors	
Europe	66,967
Asia Pacific	58,072
Asia Pacific - related parties (*)	186,440
North America	8,844
Mark to market estimate and metal content adjustment	<u>(3,608)</u>
Total foreign debtors	<u>316,715</u>
Local debtors	<u>52,032</u>
Total	<u><u>368,747</u></u>

(*) Invoicing for the sale of product to foreign customers either directly or indirectly related to Company shareholders, Nippon LP Resources B.V. and MM LP Holding B.V..

6. INVENTORIES

The detail of inventories is as follows:

	ThUS\$
Finished products	3,203
Products in process	17,237
Materials	29,079
Provision for obsolescence of materials	<u>(2,601)</u>
Total	<u><u>46,918</u></u>

7. FIXED ASSETS

Fixed assets are stated as indicated in Note 2g. The detail is as follows:

	ThUS\$
Land	<u>8,234</u>
Constructions and infrastructure:	
Buildings and constructions	592,825
Infrastructure	214,879
Installations	<u>14,283</u>
Total constructions and infrastructure	<u>821,987</u>
Machinery and equipment:	
Machinery and equipment	441,521
Furniture and fixtures	3,543
Information technology and communication equipment	17,839
Mobile equipment	79,468
Vehicles	<u>279</u>
Total machinery and equipment	<u>542,650</u>
Other fixed assets:	
Mauro Dam works in progress	272,825
Projects in progress	165,245
Mining properties	12,643
Prestripping	44,824
Fixed assets for disposal	<u>224</u>
Total other fixed assets	<u>495,761</u>
Total fixed assets, gross	<u>1,868,632</u>
Accumulated depreciation of constructions and infrastructure	(197,420)
Amortization of mining properties and prestripping	(12,305)
Accumulated depreciation of machinery and equipment	<u>(252,739)</u>
Total accumulated depreciation and amortization	<u>(462,464)</u>
Total fixed assets – net	<u><u>1,406,168</u></u>

8. INTANGIBLES

As described in Note 2h, intangibles are mainly preoperating costs incurred prior to the start up of operations, El Mauro Dam and other minor intangible costs as follows:

	ThUS\$
Cost of initial studies transferred from Minera el Chacay	8,487
Costs of support management prior to construction stage	8,204
Preoperating costs of construction stage	137,912
Costs of start-up, balance of construction	4,957
Preoperating gains and losses	8,500
Easements, water rights, software, trade marks, patents and other rights	7,176
Preoperating costs initial El Mauro Dam studies	<u>5,138</u>
Total intangibles	180,374
Accumulated amortization	<u>(38,810)</u>
Total intangibles - net	<u><u>141,564</u></u>

9. BANKS LOANS

The Company has obtained financing from international lending institutions in United States dollars.

On December 15, 2004, the Company made a prepayment of capital for ThUS\$50,775 along with the normal capital and interest installment. The outstanding balance of the debt, amounting to ThUS\$460,000, was fully refinanced by foreign syndicated banks led by Citibank, and duly approved and registered at the Chilean Central Bank. This loan will be repaid in 12 semi-annual installments, which mature every June 15 and December 15 of each year, starting on June 15, 2005.

This refinancing improved the prior loan's interest rate spreads and restrictions, resulting in significant savings of financial charges for the Company.

This refinancing resulted in the payment of an up-front commission for ThUS\$2,070 which has been deferred and is being amortized over the term of the new loan.

Balances of loans at September 30, 2006:

Financial institutions	Interest rate %	Short-term ThUS\$	Long-term ThUS\$
Citibank and other	5.6775	82,489	268,333
BBVA Banco Bhif	6.3050	<u>4,912</u>	<u>4,775</u>
Total		<u><u>87,401</u></u>	<u><u>273,108</u></u>

10. ACCOUNTS PAYABLE

This detail of this item is as follows:

	ThUS\$
Invoices payable	39,443
Withholdings from contractors	10,303
Insurance policies payable	5,594
Other	<u>385</u>
Total	<u><u>55,725</u></u>

11. ACCRUALS

The detail of this item at September 30, 2006, is as follows:

	ThUS\$
Short-term:	
Contractors	2,811
Personnel benefits	5,661
Major maintenance	9,309
Sundry	<u>3,041</u>
Total short-term	<u><u>20,822</u></u>
Long-term:	
Severance indemnity	8,787
Mine closure costs	<u>4,993</u>
Total long-term	<u><u>13,780</u></u>

12. INCOME TAXES AND DEFERRED TAXES

Refundable taxes include the following:

	ThUS\$
Current assets:	
Specific tax on petroleum products	253
Value added tax	4,125
Other refundable taxes	<u>92</u>
Total short-term	<u>4,470</u>
Other assets:	
Additional tax for advisory services	<u>3,884</u>
Total long-term	<u>3,884</u>

The long-term refundable tax is included in the item Others in Other long-term assets.

a. First category income tax and specific mining tax

The First Category Income Tax provision at September 30, 2006 was 17% of the net taxable income of ThUS\$1,731,157 calculated in conformity with the Income Tax Law. The provision for the specific mining tax was 4% of the net operating taxable income of ThUS\$1,735,150.

The provision for income and specific mining tax calculated is presented in Income tax payable in current liabilities net of monthly provisional payments, training credits, donations and others credits.

	ThUS\$
Income tax provision	(294,297)
Specific mining tax provision	(69,406)
Monthly provisional payments	235,885
Specific mining tax credit	34,703
Technical consulting services additional tax	808
Recoverables training expenses	78
Credits of donations	<u>102</u>
Income tax payable	<u>(92,127)</u>

b. Deferred taxes

At September 30, 2006, the detail of accumulated balances for deferred taxes is as follows:

	Deferred taxes			
	Asset		Liability	
	Short- term	Long- term	Short- term	Long- term
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Provision for changes in quantity	150	-	-	-
Provision for price difference	464	-	-	-
Provision for uncollectible accounts	213	-	-	-
Provision for vacations	391	-	-	-
Provision for maintenance	1,582	-	-	-
Provision for obsolete materials	442	-	-	-
Severance indemnity	-	1,404	-	-
Provision for mine closure	-	849	-	-
Refinancing costs	-	-	-	191
Indirect manufacturing expense	-	-	1,163	-
Indirect manufacturing charges	-	-	324	-
Depreciation of fixed assets	-	-	-	106,129
Preoperational expenses	-	-	-	29,290
Specific mining tax	367	330	168	2,920
Others	93	488	-	463
	<u>3,702</u>	<u>3,071</u>	<u>1,655</u>	<u>138,993</u>
Total deferred taxes	<u>3,702</u>	<u>3,071</u>	<u>1,655</u>	<u>138,993</u>

The net asset of ThUS\$2,047 for short-term deferred taxes is presented in current assets. The net liability of ThUS\$135,922 for long-term deferred taxes is presented in long-term liabilities.

The composition of the charge to income for income tax and specific mining tax for the period is as follows:

	ThUS\$
Current tax expense:	
Provision for income tax for the period	(294,297)
Deficit of 2005 income tax provision	(972)
Provision for specific mining tax	(69,406)
Specific mining tax credit	34,703
Deferred taxes:	
Changes in deferred taxes during the period	(2,623)
Deferred taxes for specific mining tax	<u>(594)</u>
Total charge to income	<u><u>(333,189)</u></u>

13. SHAREHOLDERS' EQUITY

- a. The following are the equity movements during 2006:

Items	Paid-in capital ThUS\$	Retained earnings ThUS\$	Total ThUS\$
Balance at January 1, 2006	373,820	1,081,748	1,455,568
Interim dividends		(1,070,000)	(1,070,000)
Net income for the period		1,464,573	1,464,573
		<hr/>	<hr/>
Balance at September 30, 2006	<u>373,820</u>	<u>1,476,321</u>	<u>1,850,141</u>

- b. After the above equity movements, the shareholdings of the subscribed and paid-in capital are as follows at September 30, 2006:

Shareholders	Number of shares	Subscribed and paid-in capital	
		ThUS\$	%
LP Investment Co. Ltd.	191,379,489	191,380	51.20
Nippon LP Resources BV	93,454,920	93,455	25.00
MM LP Holding BV	56,072,952	56,073	15.00
Antofagasta Minerals S.A.	<u>32,912,319</u>	<u>32,912</u>	<u>8.80</u>
Total	<u>373,819,680</u>	<u>373,820</u>	<u>100.00</u>

- c. At the ordinary meeting No. 107 held on May 24, 2006, the Board of Directors approved the interim dividend of ThUS\$470,000 paid to the shareholders.
- d. At the ordinary meeting No. 109 held on August 31, 2006, the Board of Directors approved the interim dividend of ThUS\$600,000 paid to the shareholders.

14. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

The following is a detail of balances and transactions with related parties. Antofagasta Minerals S.A., LP Investment Co. Ltd., Nippon LP Resources BV, and MM LP Holding BV, of the related companies detailed are shareholders of the Company. The others companies are related to the Company through common ownership.

The detail at September 30, 2006:

Related party	Transaction description	Transaction amount	Effect on income charge (credit)	Asset	Liability
		ThUS\$	ThUS\$	ThUS\$	ThUS\$
Antofagasta Minerals S.A.	Administrative services received	1,606	1,347	-	794
	Technical support received	1,133	951	-	127
	Recovery of expenses	456	369	-	243
	Expense collection	32	(27)	4	-
Minera Michilla S.A.	Rental of offices in Santiago	150	150	-	17
Madeco S.A.	Purchase of materials for projects	2,165	1,267	-	-
Banco de Chile	Financial expenses	13,277	3	-	-
Minera El Tesoro	Expenses collection	150	(126)	17	-
Other related companies	Expense collection	5	1	3	-
LP Investment Co. Ltd.	20% withholding on disallowed expenses	31	31	-	-
Nippon LP Resources BV	20% withholding on disallowed expenses	15	15	-	-
MM LP Holding BV	20% withholding on disallowed expenses	9	9	-	-
Total short-term				<u>24</u>	<u>1,181</u>
Antofagasta Minerals S.A.	Water rights			-	165
Total long-term				<u>-</u>	<u>165</u>

15. OTHER INCOME AND EXPENSE

The detail of other income and expense is as follows:

	ThUS\$
Other income:	
Profit on sale of assets	609
Other	82
	<u>691</u>
Other expense:	
Write-off of deferred charges	1,151
Provision for write off of home loans	146
Write-off of projects	31
Other	47
	<u>1,375</u>

16. CONTINGENCIES, GUARANTEES AND ENCUMBRANCES

I. LAWSUITS:

The Company's Management is aware of legal disputes in which Minera Los Pelambres is either the main or subsidiary defendant, or the plaintiff, which to the best of its knowledge do not significantly affect these financial statements, except for:

Plaintiff	: Sociedad Agrícola y Comercial Mauro Ltda.
Defendants	: Arnoldo Muñoz Navarrete and Minera Los Pelambres
Lawsuit	: 690/02, 12th Santiago Civil Court
Matter	: Nullification of purchase agreement due to forgery of signatures; and recovery of sold property.
Status	: Judge is to issue ruling.
Amount	: The purchase agreement being requested for nullification is the one prior to the acquisition of the El Mauro property by the Company. Should the case be lost, the second purchase agreement would also be nullified. The property is recorded in the accounting records at a book value of ThUS\$3,300.
Plaintiff	: Comité Agua Potable Rural de Caimanes, Comité Defensa Valle del Pupio, Canal Comuneros Caimanes El Llano, Junta de Vecinos de Caimanes, Junta de Vecinos de Pupio.
Defendants	: Director General de Aguas.
Lawsuit	: 12.004-5, Santiago Court of Appeal.
Matter	: Reclamation recourse against Dirección General de Aguas resolution No. 1791 which authorized the Mauro Tailings Dam in accordance with article 294 of the Chilean water Code.
Status	: On November 3, 2006, the Santiago Court of Appeal issued a ruling in favor of the recourse filed by the plaintiffs, repealing only the Dirección General de Aguas permit for building the dam. The Company prepared and presented a cassation recourse to the Chilean Supreme Court.
Amount	: It is unlikely that future production would be lost if the Supreme Court upholds the Court of Appeals ruling that repeals the construction permit. To date, at a 58% completion stage, the Company has invested in this project an amount in the neighborhood of ThUS\$ 300,000.
Note	: The Company intervened as party in the reclamation recourse since the recourse's outcome would affect as the objected permit gives the go-ahead to the construction of the Mauro Tailings Dam.

Plaintiff	: Sociedad Agrícola Ganadera y Forestal El Tipay
Defendants	: Director General de Aguas.
Lawsuit	: 11.915-5, Santiago Court of Appeal.
Matter	: Reclamation recourse against Dirección General de Aguas resolution No. 1791 which authorized the Mauro Tailings Dam in accordance with article 294 of the Chilean Water Code.
Status	: On November 3, 2006, the Santiago Court of Appeal issued a ruling in favor of the recourse filed by the plaintiffs, repealing only the Waters General Direction permit for building the dam. The Company prepared and presented a cassation recourse to the Chilean Supreme Court.
Amount	: It is unlikely that future production would be lost if the Supreme Court upholds the Court of Appeals ruling that repeals the construction permit. To date, at a 58% completion stage, the Company has invested in this project an amount in the neighborhood of ThUS\$ 300,000.
Note	: The Company intervened as party in the reclamation recourse since the recourse's outcome would affect it as the objected permit gives the go-ahead to the construction of the Mauro Tailings Dam.

II. ENCUMBRANCES:

The Company's assets are not subject to any mortgages, encumbrances or prohibitions, except for:

- Precautionary measure prohibiting acts and contracts from being entered into under N°4 of article 298 of the Civil Code, issued in the lawsuit involving the Fundo Mauro ranch, where a tailings dam for mining purposes bearing that same name is being built. This prohibition has not been registered by the plaintiff in the corresponding Real Estate Registrar.

Deferred customs duties:

The Company estimates that it will pay 100% of deferred customs duties expiring in 2007.

Due in	Deferred customs duties ThUS\$
2007	<u>684</u>
Total benefits under Law N° 18,634	<u><u>684</u></u>

III. OTHER GUARANTEES

Guarantees Provided:

- The Company has issued performance bonds through banks for ThUS\$12,655 in favor of the Chilean Ministry of Public Works as collateral for any possible costs incurred in an eventual abandonment of the construction and operation of the Los Quillayes Tailings Dam. Such bonds mature on July 3, 2009.
- The Company has issued performance bonds through banks for ThUS\$4,877 in favor of the Chilean Ministry of Public Works as collateral for any possible costs incurred in an eventual abandonment of the construction and operation of the Mauro Tailings Dam. Such bonds mature on October 26, 2009.
- The Company has issued bank guarantees in favour of the Chilean Ministry of Public Works, water department, to guarantee the reposition costs for any possible abandonment of tailings dams system and re-circulation of water of the El Mauro tailing dam project for UF17,526, equivalent to ThUS\$601 as a requirement for river flows modification permits.

Guarantees Received:

- At this time, the Company holds performance bonds and letters of credit, issued by foreign or local banks in favor of the Company, provided by contractors and suppliers for ThUS\$57,170 as a guarantee of compliance with contracts and as collateral for equipment quality and performance.

IV. RESTRICTIONS ON OPERATIONS OR LIMITS

The new bank credit contract resulting from the refinancing mentioned in Note 9 significantly reduces the restrictions regarding indebtedness, dividend distribution and hedging operations, and fully eliminates restrictions regarding mortgage and lien guarantees, which were released during 2005.

V. MINERAL SALES AGREEMENTS

The mineral sale agreements correspond to contracts signed with local and foreign customers, valued at the current selling prices at period-end. Such prices are agreed based on FOB and CIF, as appropriate, which are negotiated annually. The average term of agreements is 3 years and there are no clauses that establish non-compliance fines, as they establish options with respect to the amounts of mineral that are effectively dispatched every year.

The mineral sales agreements in accordance with the contracts amount to:

Year	ThUS\$
2006	646,000
2007	1,880,000
2008	1,590,000

17. SUBSEQUENT EVENTS

Between October 1, 2006 and the date that these financial statements are issued, there have been no subsequent events that could materially affect them.

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