

MINERA EL TESORO
UNAUDITED FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2007 AND 2006

(TRANSLATION FROM SPANISH VERSION
FILED WITH SUPERINTENDENCIA DE VALORES Y SEGUROS
DE CHILE 29TH NOVEMBER 2007)

MINERA EL TESORO

BALANCE SHEETS AT SEPTEMBER 30, 2007 AND 2006
(In thousands of US Dollars - ThUS\$)

	September 30, 2007 ThUS\$	September 30, 2006 ThUS\$
ASSETS		
CURRENT ASSETS:		
Cash at bank and in hand	160	130
Time deposits	39,535	116,527
Marketable securities	426,274	
Trade debtors	61,851	60,012
Account receivable from related companies	156	
Sundry debtors	5,645	2,658
Inventories	37,360	51,386
Recoverable taxes	4,063	2,970
Prepaid expenses	2,321	2,275
Other current assets	32	22
Total current assets	<u>577,397</u>	<u>235,980</u>
FIXED ASSETS:		
Land	301	301
Mining properties	46,529	46,529
Construction and infrastructure	147,667	145,191
Machinery and equipment	124,235	120,881
Other fixed assets	34,424	26,853
Subtotal	353,156	339,755
Less: Accumulated depreciation	<u>(103,250)</u>	<u>(80,161)</u>
Total fixed assets	<u>249,906</u>	<u>259,594</u>
OTHER ASSETS:		
Mine development costs - net	35,953	47,806
Others	6,750	6,956
Total other assets	<u>42,703</u>	<u>54,762</u>
TOTAL ASSETS	<u><u>870,006</u></u>	<u><u>550,336</u></u>

The accompanying notes are an integral part of these financial statements

LIABILITIES AND SHAREHOLDERS' EQUITY	September 30, 2007 ThUS\$	September 30, 2006 ThUS\$
CURRENT LIABILITIES:		
Bank loans - senior debt, current portion	14,366	14,619
Accounts payable	11,737	6,416
Leasing obligations - current portion	61	117
Accounts payable to related companies	1,596	2,024
Sundry payables		2,658
Accruals	27,241	25,952
Withholdings	797	14
Income tax payable	10,188	29,101
Deferred taxes	580	205
Total current liabilities	<u>66,566</u>	<u>81,106</u>
LONG-TERM LIABILITIES:		
Bank loans-senior debt	7,000	21,000
Leasing obligations		61
Accruals	7,594	6,143
Deferred taxes	32,381	30,343
Total long-term liabilities	<u>46,975</u>	<u>57,547</u>
SHAREHOLDERS' EQUITY:		
Paid-in capital	90,995	90,995
Retained earnings	401,139	77,442
Net income for the period	264,331	243,246
Total shareholders' equity	<u>756,465</u>	<u>411,683</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u><u>870,006</u></u>	<u><u>550,336</u></u>

MINERA EL TESORO

STATEMENTS OF INCOME
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2007 AND 2006
(In thousands of US Dollars - ThUS\$)

	September 30, 2007	September 30, 2006
	ThUS\$	ThUS\$
REVENUES	517,484	447,588
COST OF SALES	<u>(183,353)</u>	<u>(129,101)</u>
GROSS MARGIN	334,131	318,487
ADMINISTRATIVE AND SELLING EXPENSES	<u>(22,122)</u>	<u>(20,155)</u>
OPERATING INCOME	<u>312,009</u>	<u>298,332</u>
OTHER INCOME (EXPENSES):		
Financial income	13,607	1,844
Other income	513	160
Exchange differences	(912)	2,245
Financial expenses	(2,198)	(2,382)
Other expenses	<u>(1,640)</u>	<u>(1,132)</u>
Other income	<u>9,370</u>	<u>735</u>
INCOME BEFORE INCOME TAX	321,379	299,067
INCOME TAX	<u>(57,048)</u>	<u>(55,821)</u>
NET INCOME FOR THE PERIOD	<u><u>264,331</u></u>	<u><u>243,246</u></u>

The accompanying notes are an integral part of these financial statements

MINERA EL TESORO

STATEMENTS OF CASH FLOWS

FOR THE NINE MONTH PERIODS ENDED SEPTEMBER 30, 2007 AND 2006

(In thousands of US Dollars - ThUS\$)

	September 30, 2007 ThUS\$	September 30, 2006 ThUS\$
Net income for the period	264,331	243,246
Charges (credits) to income which do not represent cash flows:		
Depreciation and amortization	29,787	26,009
Deferred taxes	751	4,630
Exchange differences	912	(2,245)
Write-offs of projects	1,299	1,581
Decrease (increase) in assets which affect cash flows:		
Trade debtors	(13,471)	(32,622)
Sundry debtors and others	(1,979)	(430)
Inventories	12,053	(18,719)
Recoverable taxes	(1,589)	(35,107)
Other assets	(2,702)	(2,514)
Increase (decrease) in liabilities which affect cash flows:		
Accounts payable	2,629	(5,881)
Accounts payable to related companies	534	346
Income tax payable	(25,191)	53,331
Other liabilities	(4,622)	6,515
Net cash provided by operating activities	<u>262,742</u>	<u>238,140</u>
CASH FLOW FROM FINANCING ACTIVITIES:		
Payment senior debt	(7,000)	(21,000)
Dividends paid		<u>(95,000)</u>
Net cash used in financing activities	<u>(7,000)</u>	<u>(116,000)</u>
CASH FLOW FROM INVESTMENT ACTIVITIES:		
Purchase of fixed asset - net	<u>(8,806)</u>	<u>(8,959)</u>
NET POSITIVE CASH FLOW FOR THE PERIOD	246,936	113,181
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>219,033</u>	<u>3,476</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u><u>465,969</u></u>	<u><u>116,657</u></u>

The accompanying notes are an integral part of these financial statements

MINERA EL TESORO

NOTES TO THE FINANCIAL STATEMENTS

(In thousands of US dollars – ThUS\$)

1. INCORPORATION OF THE COMPANY

The Company was incorporated as a contractual mining company by means of a public deed dated June 20, 1996. The corporate purpose of the Company is the exploration, development and exploitation of mining properties, comprising all stages involved in the mining industry. The Company started its exploitation stage on July 1, 2001.

According to the requirements of Law 20,026 on the Specific Mining Tax published in the Official Gazette of 16/16/2005, 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 03/02/2006, 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Bases of presentation - The financial statements for the nine month periods ended September 30, 2007 and 2006 have been prepared in accordance with accounting principles generally accepted in Chile.

b. Accounting period - The attached interim financial statements, related to these notes, correspond to the periods between January 1 and September 30, 2007 and 2006.

c. Basis of preparation - The official accounting records of the Company are maintained in US dollars.

Transactions in Chilean pesos have been translated into US dollars at the exchange rates prevailing on the date of the transaction. Assets and liabilities in Chilean pesos outstanding at the end of the period were translated into US dollars at the observed exchange rate published by the Chilean Central Bank of \$511.23 per US\$1 in 2007 (\$537.03 per US\$1 in 2006).

d. Time deposits - Investments in time deposits include capital plus readjustment and interest accrued at period end.

e. Marketable Securities - Marketable securities include investments in debt instruments registered in the United States in US dollars. The portfolios average maturity is less than 90 days and they are valued at their market value.

f. Inventories - Inventories of semi-finished products, ore in stockpile, and finished products are stated at monthly average production cost, including indirect manufacturing costs. Materials are stated at weighted average acquisition cost.

These valuations do not exceed the respective net realizable values.

g. Fixed assets - Tangible fixed assets are presented at acquisition cost. Depreciation has been calculated based on the straight-line method, over the lower of the estimated mine life or the useful lives of the assets.

Fixed assets acquired by the Company through capital lease transactions, are accounted for as a purchase of fixed assets, recognizing the total obligation and interest on the accrual basis. Such assets are not legally owned by the Company and, thus, it cannot dispose of them until it exercises the purchase option.

Mining properties are presented at acquisition cost and are amortized based on mineral production.

h. Mine development costs - These assets are presented at acquisition cost or at mine development cost and include concepts such as consulting services, exploratory drilling, research and engineering, which are amortized based on mineral production.

i. Deferred cost - The Company capitalizes expenses associated with the refinancing of financial obligations, recording them as deferred costs in Other long-term assets. These costs are being amortized under the straight-line method over the term of the debt. Previous year refinancing expenses are charged to income, whenever a new refinancing is agreed.

j. Income tax and deferred taxes - The Company calculates its liabilities for First Category income tax and specific mining tax based on the net taxable income and operating taxable income, respectively, determined in accordance with current regulations. The effects of deferred taxes on temporary differences, tax losses and other events giving rise to differences between the accounting and tax base of assets and liabilities are recorded according to standards established in Technical Bulletins N°60 and their complements of the Chilean Institute of Accountants.

k. Derivative contracts - The Company has entered into an interest rate collar contract to hedge against variations in the Libor rate on its senior debt. It has also entered into copper forward contracts and Min-Max zero cost operations, which were defined as hedges of transactions to cover changes in the price of copper. As these contracts were defined as coverage of expected transactions, the unrealized result at the end of the periods has been deferred, as established by Technical Bulletin N°57 of the Chilean Institute of Accountants (Note 12).

l. Vacations - The cost of employee vacations is recognized on the accrual basis.

m. Severance indemnity - Severance indemnity, including the benefit contracted as well as the non-contractual benefit resulting from mine closure, has been accrued for all employees. This benefit has been calculated at the net present value of the projected cost of the benefit, using an annual discount rate of 6.5%.

n. Mine closure - The Company accrues the costs of mine closure and abandonment at the net present value in conformity with corporate standards and considering legal environmental obligations entered into with government bodies, and these are presented in long-term liabilities.

o. Statement of cash flows - In the statement of cash flows, the Company has considered as cash equivalent all readily disposable financial investments maturing within 90 days, including time deposits and marketable securities.

p. Revenues - Revenue from the sale of cathodes is recognized when the rights and obligations are transferred to the buyer.

q. Reclassifications - Some reclassifications have been made to the financial statements at September 30, 2006 to maintain their uniformity.

3. TIME DEPOSITS

This item includes time deposits as follows:

	Currency	September 30, 2007 ThUS\$	September 30, 2006 ThUS\$
Time deposits overseas	US\$		96,515
Local financial investments	\$		20,012
	US\$	39,535	
Total time deposits		39,535	116,527

4. MARKETABLE SECURITIES

The detail of investments in marketable securities is as follows:

	September 30, 2007 ThUS\$	September 30, 2006 ThUS\$
Asset manager Deutsche	213,138	
Asset manager Blackrock	213,136	
Total	426,274	-

5. TRADE DEBTORS

The split of this balance by geographical destination is follows:

	September 30, 2007 ThUS\$	September 30, 2006 ThUS\$
Foreign clients:		
Europe	28,740	35,577
Latin America	18,528	12,041
Asia Pacific	5,812	7,771
North America	7,966	3,958
	<hr/>	<hr/>
Total foreign clients	61,046	59,347
	<hr/>	<hr/>
Domestic clients:	805	665
	<hr/>	<hr/>
Total	61,851	60,012
	<hr/> <hr/>	<hr/> <hr/>

6. INVENTORIES

Inventories of the Company are as follows:

	September 30, 2007 ThUS\$	September 30, 2006 ThUS\$
Finished products	5,955	5,084
Products in process	27,195	38,043
Materials, raw materials and parts	4,210	8,259
	<hr/>	<hr/>
Total	37,360	51,386
	<hr/> <hr/>	<hr/> <hr/>

7. FIXED ASSETS

Fixed assets are stated as mentioned in Note 2g and their detail is as follows:

	September 30, 2007	September 30, 2006
	ThUS\$	ThUS\$
Land	<u>301</u>	<u>301</u>
Mining properties	<u>46,529</u>	<u>46,529</u>
Construction and infrastructure:		
Facilities	86,229	83,994
Buildings and construction	27,860	27,751
Infrastructure	<u>33,578</u>	<u>33,446</u>
Total buildings and infrastructure	<u>147,667</u>	<u>145,191</u>
Machinery and equipment:		
Machinery and equipment	54,343	53,327
Mobile equipment	64,687	62,682
Minor equipment	4,327	4,194
Auxiliary equipment	<u>878</u>	<u>678</u>
Total machinery and equipment	<u>124,235</u>	<u>120,881</u>
Other fixed assets:		
Equipment	9,744	9,574
Computer equipment, software and hardware	892	891
Furniture	60	60
Leased assets	353	353
Construction in progress	2,553	57
Ongoing projects	9,943	5,039
Preoperating expenses	<u>10,879</u>	<u>10,879</u>
Total other fixed assets	<u>34,424</u>	<u>26,853</u>
Total fixed assets, gross	<u>353,156</u>	<u>339,755</u>
Total accumulated depreciation	<u>(103,250)</u>	<u>(80,161)</u>
Total fixed assets, net	<u><u>249,906</u></u>	<u><u>259,594</u></u>

8. MINE DEVELOPMENT COSTS - NET

As described in Note 2h, development costs mainly includes preoperational costs incurred prior to the operation, as follows:

	September 30, 2007	September 30, 2006
	ThUS\$	ThUS\$
Mine development costs:		
Project expenses	55,057	55,057
Financing	23,830	23,830
Development expenses property contribution	15,713	15,713
Preinvestment expenses	<u>7,560</u>	<u>7,560</u>
 Total mine development costs, gross	 <u>102,160</u>	 <u>102,160</u>
 Accumulated amortization	 <u>(66,207)</u>	 <u>(54,354)</u>
 Total mine development costs, net	 <u><u>35,953</u></u>	 <u><u>47,806</u></u>

9. BANKS LOANS - SENIOR DEBT

The balance is as follows:

Financial institution	Interest	<u>September 30, 2007</u>		<u>September 30, 2006</u>	
		<u>Short term</u>	<u>Long term</u>	<u>Short term</u>	<u>Long term</u>
		ThUS\$	ThUS\$	ThUS\$	ThUS\$
The Royal Bank of Scotland - BBVA	LIBOR+0,5%	<u>14,366</u>	<u>7,000</u>	<u>14,619</u>	<u>21,000</u>
Total		<u><u>14,366</u></u>	<u><u>7,000</u></u>	<u><u>14,619</u></u>	<u><u>21,000</u></u>

The senior debt has semi-annual maturity dates, ending December 2008.

10. ACCRUALS AND WITHHOLDINGS

This detail of this item is as follows:

	September 30, 2007	September 30, 2006
	ThUS\$	ThUS\$
Short-term:		
Operations	26,783	25,266
Freight, insurance, export commissions	458	686
	<u>27,241</u>	<u>25,952</u>
Subtotal accruals	27,241	25,952
Withholdings	797	14
	<u>28,038</u>	<u>25,966</u>
Total short-term	<u><u>28,038</u></u>	<u><u>25,966</u></u>
Long-term:		
Severance indemnity	4,562	3,375
Mine closure	3,032	2,768
	<u>7,594</u>	<u>6,143</u>
Total long-term	<u><u>7,594</u></u>	<u><u>6,143</u></u>

11. INCOME TAX AND DEFERRED TAXES

The balance of recoverable taxes is as follows:

	September 30, 2007	September 30, 2006
	ThUS\$	ThUS\$
Current assets:		
VAT Credit (net)	3,245	2,540
Others	818	430
	<u>4,063</u>	<u>2,970</u>
Total short-term	<u><u>4,063</u></u>	<u><u>2,970</u></u>
Other assets:		
Additional tax for technical advisory services	991	984
Long-term tax credits	215	237
	<u>1,206</u>	<u>1,221</u>
Total long-term	<u><u>1,206</u></u>	<u><u>1,221</u></u>

The long-term tax recoverable is included in Others under Other long-term assets.

a. Income tax and deferred taxes

At September 30, 2007, the Company provided for first category income tax based on the net taxable income of ThUS\$310,888 (ThUS\$278,937 in 2006), as determined in accordance with the Chilean Income Tax Law. The specific mining tax provision was calculated based on the Operational Taxable Income of ThUS\$313,316 (ThUS\$295,598 in 2006).

The income tax and specific mining tax provisions are classified as income tax payable under current liabilities net of monthly provisional payments and other credits.

	September 30, 2007 ThUS\$	September 30, 2006 ThUS\$
Income tax provision for the period	52,851	47,419
Specific mining tax provision	6,267	5,912
Monthly estimated payments	(39,212)	(22,889)
Monthly estimated payments - Specific mining tax	(9,510)	(1,267)
Other credits	(208)	(74)
	<u>10,188</u>	<u>29,101</u>
Total income tax payable	<u>10,188</u>	<u>29,101</u>

b. Deferred taxes

The detail of accumulated balances at September 30, 2007 and 2006 of deferred tax assets and liabilities is as follows:

	September 30, 2007				September 30, 2006			
	Assets		Liabilities		Assets		Liabilities	
	Short term ThUS\$	Long term ThUS\$	Short term ThUS\$	Long term ThUS\$	Short term ThUS\$	Long term ThUS\$	Short term ThUS\$	Long term ThUS\$
Temporary differences								
Vacation accrual	235				134			
Bonus accrual	202				202			
Severance indemnity		467				425		
Accrual for mine closure, net		371				310		
Major repair accrual		1,485				1,736		
Accruals and others		89	286				333	18
Indirect manufacturing costs			731				976	
Fixed assets				24,036				20,272
Preoperating expenses				11,249				12,524
Specific mining tax		492			768			
	<hr/>							
Balance at September 30	<u>437</u>	<u>2,904</u>	<u>1,017</u>	<u>35,285</u>	<u>1,104</u>	<u>2,471</u>	<u>1,309</u>	<u>32,814</u>

The net balances of short-term deferred taxes of ThUS\$580 (ThUS\$205 in 2006), and long-term deferred taxes of ThUS\$32,381 (ThUS\$30,343 in 2006), are presented in current liabilities and long-term liabilities, respectively.

The charge to income for income tax for the period is as follows:

	September 30, 2007	September 30, 2006
	ThUS\$	ThUS\$
Current tax expense:		
Income tax	52,851	47,419
Surplus provision for prior year income tax	(829)	(1,903)
Exchange differences	(1,352)	(239)
Specific mining tax	6,267	5,912
Surplus provision for prior year specific mining tax	(171)	
Exchange differences	(469)	1
Deferred taxes:		
Changes in deferred taxes	<u>751</u>	<u>4,631</u>
Total	<u><u>57,048</u></u>	<u><u>55,821</u></u>

12. INTEREST RATE COLLAR AND COPPER PRICE CONTRACTS

a. Zero cost collar interest rate contract

An interest rate hedge on the senior debt was taken out with The Royal Bank of Scotland plc. for ThUS\$20,000, via a “Zero cost collar” with a ceiling of 6% and floor of 4.83% for the period from August 15, 2001 to December 15, 2006.

As a result of the refinancing of the senior debt, this operation was terminated cost-free on December 30, 2004, and a collar was signed simultaneously with The Royal Bank of Scotland plc. - BBVA, with the same ceiling and floor, but with determination of interest and payment of compensation coinciding with the dates for payment of interest on the refinanced senior debt, maturing on December 15, 2006. This operation cost ThUS\$192, which is equivalent to the compensation that the Company should have paid on February 15, 2005 under the hedge that was terminated and an initial hedge payment of ThUS\$15,500. At September 30, 2007, the above hedge has been terminated.

b. Copper Price futures contracts

In 2006, various contracts for future COMEX price base sales and future LME price base purchases were signed for 5,000 tons. The above tonnage corresponds to the sale contract with the Southwire client in the United States, whose price is referenced to the COMEX price, but which the Company references to the LME price through this arbitrage.

Open operations at September 30, 2007:

Product	Institution	Date		Quantity MT	Price of the transaction	
		Subscription	Maturity		Sale of Futures Comex US\$/Ton	Purchase of Futures LME US\$/Ton
Cobre	Koch	16-11-2006	04-02-2008	800	6,690	6,670
Cobre	Koch	05-12-2006	04-02-2008	400	7,120	7,110
Cobre	Koch	05-12-2006	04-02-2008	400	7,115	7,100
Cobre	Prudential	14-12-2006	04-02-2008	400	6,815	6,800
				<u>2,000</u>		

The contracts entered into in 2006 are 400 and 100 metric tons of copper per month for Koch and Prudential, respectively, from April 2007.

c. Options

In April 2007, the Company entered into min-max options to hedge 2,800 tons per month in 2007, 2,700 tons in 2008 and 2,300 tons in 2009, LME base price.

Operations at September 30, 2007:

Product	Institution	Date		Quantity MT		Options	
		Subscription	Annual Maturity			Put US\$/Ton	Call US\$/Ton
2007							
Copper	J. Aron & Co.	11-04-2007	31-12-2007	900	500	6,460	9,280
Copper	JP Morgan	12-04-2007	31-12-2007	900	500	6,460	9,240
Copper	Morgan Stanley	05-04-2007	31-12-2007	1,800	500	6,240	8,625
Copper	JP Morgan	17-04-2007	31-12-2007	900	500	6,460	9,700
Copper	Koch	17-04-2007	31-12-2007	750	500	6,615	9,350
Copper	Calyon	18-04-2007	31-12-2007	750	500	6,615	9,450
Copper	Bache	20-04-2007	31-12-2007	900	500	6,615	9,425
Copper	Bache	23-04-2007	31-12-2007	750	500	6,615	9,450
Copper	Calyon	23-04-2007	31-12-2007	750	500	6,615	9,500
				Total		<u>8,400</u>	
2008							
Copper	J. Aron & Co.	11-04-2007	31-12-2008	3,900	500	5,735	8,850
Copper	JP Morgan	12-04-2007	31-12-2008	3,900	500	5,735	8,810
Copper	Morgan Stanley	05-04-2007	31-12-2008	7,800	500	5,515	8,400
Copper	J. Aron & Co.	17-04-2007	31-12-2008	4,500	500	5,735	9,370
Copper	Calyon	17-04-2007	31-12-2008	2,400	500	6,285	8,500
Copper	Koch	18-04-2007	31-12-2008	2,400	500	6,285	8,510
Copper	BNP Paribas	20-04-2007	31-12-2008	3,600	500	6,285	8,550
Copper	Calyon	23-04-2007	31-12-2008	3,900	500	6,285	8,560
				Total		<u>32,400</u>	
2009							
Copper	J. Aron & Co.	11-04-2007	31-12-2009	3,600	500	5,735	8,850
Copper	JP Morgan	12-04-2007	31-12-2009	3,600	500	5,735	8,810
Copper	BNP Paribas	05-04-2007	31-12-2009	7,200	500	5,515	8,400
Copper	J. Aron & Co.	17-04-2007	31-12-2009	3,600	500	5,735	9,370
Copper	J. Aron & Co.	17-04-2007	31-12-2009	3,600	500	6,285	8,500
Copper	JP Morgan	23-04-2007	31-12-2009	3,000	500	6,285	8,560
Copper	Triland Metals	02-05-2007	31-12-2009	3,000	500	5,295	8,245
				Total		<u>27,600</u>	

13. SHAREHOLDERS' EQUITY

a. The changes in shareholders' equity were as follows:

	Paid-in capital ThUS\$	Retained earnings ThUS\$	Net income for the period ThUS\$	Total shareholders' equity ThUS\$
Balance at January 1, 2006	90,995	18,628	153,814	263,437
Transfer of income		153,814	(153,814)	
Final dividend		(95,000)		(95,000)
Net income for the period			243,246	243,246
Balance at September 30, 2006	<u>90,995</u>	<u>77,442</u>	<u>243,246</u>	<u>411,683</u>
Balance at January 1, 2007	90,995	77,442	323,697	492,134
Transfer of income		323,697	(323,697)	
Dividendos definitivos		-		-
Net income for the period			264,331	264,331
Balance at September 30, 2007	<u>90,995</u>	<u>401,139</u>	<u>264,331</u>	<u>756,465</u>

b. At June 30, 2007 and 2006, the paid-in capital of the Company is represented by 90,994 no-par value shares. The equity ownership is as follows:

	N° of shares	Ownership %
Antofagasta Minerals S.A.	55,506	61
Compañía Contractual Minera Leonor	<u>35,488</u>	<u>39</u>
Total	<u>90,994</u>	<u>100</u>

14. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

a. **Accounts receivable – Short-term**

Company	Relationship	September 30, 2007 ThUS\$	September 30, 2006 ThUS\$
Antofagasta Minerals S.A.	Parent	38	
Minera Michilla S.A.	Indirect	<u>118</u>	
Total		<u>156</u>	<u>-</u>

b. Accounts payable - Short-term:

Company	Relationship	September 30, ThUS\$	September 30, ThUS\$
Antofagasta Minerals S.A.	Parent	212	52
Minera Michilla S.A.	Indirect	278	288
Minera los Pelambres	Indirect		17
Aguas de Antofagasta S.A.	Indirect	72	
Transportes Integrados S.A.	Indirect	8	
Antofagasta Railway Company Plc. (Agencia en Chile)	Indirect	1,026	1,667
Total		<u>1,596</u>	<u>2,024</u>

The balances arise from commercial transactions and do not accrue interest or indexation.

c. Transactions with related parties

Significant transactions with related parties up to the third quarter of 2007 and 2006 are the following:

Company	Relationship	Transaction	September 30, 2007		September 30, 2006	
			Amount of the transaction ThUS\$	Effect on income charge (credit) ThUS\$	Amount of the transaction ThUS\$	Effect on income charge (credit) ThUS\$
Antofagasta Minerals S.A.	Parent	Administrative services	1,624	1,624	1,463	1,463
		Reimbursement of expenses	35		86	
		Final dividends			57,950	
		AMSA project services	133	(67)	146	(73)
Compañía Contractural Minera Leonor	Shareholder	Royalty	10,080	10,080	8,197	8,197
		Final dividends			37,050	
Minera Michilla S.A.	Indirect	Purchase of supplies	446		425	
		Sale of supplies	2,322		78	
		Lease of terminal	754	754		
		Miscellaneous	1			
Antofagasta Railway Company Plc. (Agencia en Chile)	Indirect	Transportation	6,596	6,596	5,240	5,240
		Purchase of water			444	444
		Miscellaneous	40	40	4	4
Minera Los Pelambres	Indirect	Outsourcing services	129	129	126	126
Entel S.A.	Indirect	Telecommunication services	106	106	131	131
Banco de Chile	Indirect	Bank expenses	20	20	22	22
		Loans	65,871	(221)	19,713	(40)
Artikos	Indirect	Administrative services	22	22	19	19
Adriático	Indirect	Office rental	61	61	62	62
Madeco	Indirect	Supplies	231	231		
Aguas de Antofagasta S.A.	Indirect	Water	60	60		
Other related	Indirect	Sundry expenses	10	10	4	4

15. OTHER INCOME AND EXPENSES

At September 30, the detail is as follows:

	September 30, ThUS\$	September 30, ThUS\$
Other income:		
Indemnities received	496	
Sale of supplies	17	160
	<u> </u>	<u> </u>
Total	<u>513</u>	<u>160</u>
Other expenses:		
Write-off of fixed assets	1,171	1,132
Others	469	
	<u> </u>	<u> </u>
Total	<u>1,640</u>	<u>1,132</u>

16. CONTINGENCIES, COMMITMENTS AND GUARANTEES

- a. The Company has deposits in guarantee for ThUS\$30 in favor of the Third Civil Court of Antofagasta. This court proceeding has ended, with the granting of definitive easements.
- b. The Company has a dispute with the Internal Revenue Service for the refund of additional tax for outside advisory services for ThUS\$991, case number 7889-2004, which is in the second instance in the court of appeal. It also has a dispute for a ThUS\$31 reimbursement, where the Court, on appeal, annulled the proceedings based on the illegality of the designation and consequent incompetence of Tax Judge, these will return to the court of first instance.
- c. As part of its normal operating process, the Company entered into purchase contracts with suppliers to guarantee the supply of consumables.

17. SUBSEQUENT EVENTS

Between October 1, and November 29, 2007, the date of issue of these financial statements, there have been no subsequent events that could significantly affect the balances or interpretation of these financial statements.

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