

MINERA EL TESORO
UNAUDITED FINANCIAL STATEMENTS
FOR THE FIRST HALF ENDED 30 JUNE 2008 AND 2007

(TRANSLATION FROM SPANISH VERSION
FILED WITH SUPERINTENDENCIA DE VALORES Y SEGUROS
DE CHILE 27TH AUGUST 2008)

MINERA EL TESORO

BALANCE SHEETS AT JUNE 30, 2008 AND 2007
(In thousands of US Dollars - ThUS\$)

ASSETS	2008 ThUS\$	2007 ThUS\$
CURRENT ASSETS:		
Cash at banks and in hand	295	1,387
Time deposits	143,171	60,337
Marketable securities	439,523	304,037
Trade debtors	54,972	61,801
Accounts receivable from related companies	90,158	1,983
Sundry debtors	2,004	3,271
Inventories	52,326	41,729
Recoverable taxes	6,240	3,694
Prepaid expenses	636	832
Other current assets	4,800	30
Total current assets	<u>794,125</u>	<u>479,101</u>
FIXED ASSETS:		
Land	301	301
Mining properties	46,529	46,529
Construction and infrastructure	152,283	147,161
Machinery and equipment	144,799	124,149
Other fixed assets	79,450	29,692
Subtotal	423,362	347,832
Less: Accumulated depreciation	<u>(120,652)</u>	<u>(97,826)</u>
Total fixed assets	<u>302,710</u>	<u>250,006</u>
OTHER ASSETS:		
Mine development costs - net	26,345	39,075
Others	19,303	6,704
Total other assets	<u>45,648</u>	<u>45,779</u>
TOTAL ASSETS	<u><u>1,142,483</u></u>	<u><u>774,886</u></u>

The accompanying notes are an integral part of these financial statements

LIABILITIES AND SHAREHOLDERS' EQUITY	2008 ThUS\$	2007 ThUS\$
CURRENT LIABILITIES:		
Bank loans - senior debt, current portion		14,051
Accounts payable	22,277	13,027
Leasing obligations		91
Accounts payable to related companies	1,593	950
Sundry creditors	4,765	4,045
Accruals and withholdings	28,473	27,506
Income tax payable	10,777	10,812
Deferred taxes	977	396
Total current liabilities	<u>68,862</u>	<u>70,878</u>
LONG-TERM LIABILITIES:		
Bank loans-senior debt		7,000
Sundry creditors	11,912	
Accruals	8,704	6,981
Deferred taxes	35,082	32,234
Total long-term liabilities	<u>55,698</u>	<u>46,215</u>
SHAREHOLDERS' EQUITY:		
Paid-in capital	90,995	90,995
Retained earnings	740,650	401,139
Net income for the period	186,278	165,659
Total shareholders' equity	<u>1,017,923</u>	<u>657,793</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u><u>1,142,483</u></u>	<u><u>774,886</u></u>

MINERA EL TESORO

STATEMENTS OF INCOME FOR THE SIX MONTH PERIODS ENDED JUNE 30, 2008 AND 2007 (In thousands of US Dollars - ThUS\$)

	2008 ThUS\$	2007 ThUS\$
REVENUES	384,253	331,997
COST OF SALES	<u>(137,868)</u>	<u>(121,376)</u>
GROSS MARGIN	246,385	210,621
ADMINISTRATIVE AND SELLING EXPENSES	<u>(17,743)</u>	<u>(13,927)</u>
OPERATING INCOME	<u>228,642</u>	<u>196,694</u>
OTHER INCOME (EXPENSES):		
Financial income	9,877	7,947
Other income	858	14
Exchange differences	1,581	430
Financial expenses	(733)	(1,111)
Other expenses	<u>(2,907)</u>	<u>(1,550)</u>
Other income	<u>8,676</u>	<u>5,730</u>
INCOME BEFORE INCOME TAX	237,318	202,424
INCOME TAX	<u>(51,040)</u>	<u>(36,765)</u>
NET INCOME FOR THE PERIOD	<u><u>186,278</u></u>	<u><u>165,659</u></u>

The accompanying notes are an integral part of these financial statements

MINERA EL TESORO

STATEMENTS OF CASH FLOWS FOR THE SIX MONTH PERIODS ENDED JUNE 30, 2008 AND 2007 (In thousands of US Dollars - ThUS\$)

	2008	2007
	ThUS\$	ThUS\$
CASH FLOW FROM OPERATING ACTIVITIES:		
Net income for the period	186,278	165,659
Charges (credits) to income which do not represent cash flows:		
Depreciation and amortization	16,079	20,899
Deferred taxes	1,639	420
Exchange differences	(1,581)	(430)
Project write-offs	1,255	667
Fixed assets write - off	1,871	
(Increase) decrease in assets which affect cash flows:		
Trade debtors	622	(13,421)
Sundry debtors and others	8,144	(1,342)
Inventories	(15,345)	8,027
Recoverable taxes	(1,989)	(1,230)
Other assets	(17,050)	(591)
Increase (decrease) in liabilities which affect cash flows:		
Accounts payable	17,365	3,979
Accounts payable to related companies - net	(90,269)	(113)
Income tax payable	1,574	(24,073)
Other liabilities	7,118	(1,272)
Net cash provided by operating activities	<u>115,711</u>	<u>157,179</u>
CASH FLOW FROM FINANCING ACTIVITIES:		
Payment senior debt	<u>(14,000)</u>	<u>(7,000)</u>
Net cash used in financing activities	<u>(14,000)</u>	<u>(7,000)</u>
CASH FLOW FROM INVESTMENT ACTIVITIES:		
Purchase of fixed asset - net	<u>(52,974)</u>	<u>(3,451)</u>
Net cash used in investment activities	<u>(52,974)</u>	<u>(3,451)</u>
NET POSITIVE CASH FLOW FOR THE PERIOD	48,737	146,728
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>534,252</u>	<u>219,033</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u><u>582,989</u></u>	<u><u>365,761</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 began its exploitation stage on July 1, 2001.

According to the requirements of Law N°20.026 on the Specific Mining Tax published in the Official Gazette of June 16, 2005, and the relevant regulations issued by the Superintendence of Securities and Insurance (“SVS”) through its Exempt Resolutions 549 of September 23, 2005 and N° 39 of February 03, 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 as at June 30, 2008 and 2007 have been prepared in accordance with accounting principles generally accepted in Chile.

b. Accounting period - The accompanying financial statements, related to these notes, correspond to the periods between January 1 and June 30, 2008 and 2007.

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 \$526.05 per US\$1 in 2008 (\$526.86 per US\$1 in 2007).

d. Time deposits - Investments in time deposits include capital plus readjustments 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 year 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 June 30, 2007 to maintain their uniformity.

3. TIME DEPOSITS

This item includes time deposits as follows:

Time Deposits

	Currency	June 30, 2008 ThUS\$	June 30, 2007 ThUS\$
Time deposits overseas	US\$	13,120	30,686
Local financial investments	Ch\$	96,214	4,633
	US\$	<u>33,837</u>	<u>25,018</u>
Total time deposits		<u>143,171</u>	<u>60,337</u>

4. MARKETABLE SECURITIES

The detail of investments in marketable securities is as follows:

	June 30, 2008 ThUS\$	June 30, 2007 ThUS\$
Asset manager Deutsche	220,264	150,577
Asset manager Blackrock	<u>219,259</u>	<u>153,460</u>
Total	<u>439,523</u>	<u>304,037</u>

5. TRADE DEBTORS

The split of this balance by geographical destination is follows:

	June 30, 2008	June 30, 2007
	ThUS\$	ThUS\$
Foreign clients:		
Europe	28,800	32,332
Latin America	12,466	14,712
Asia Pacific	7,697	9,306
North America	3,704	3,953
Total foreign clients	<u>52,667</u>	<u>60,303</u>
Domestic clients:	<u>2,305</u>	<u>1,498</u>
Total	<u><u>54,972</u></u>	<u><u>61,801</u></u>

6. INVENTORIES

Inventories of the Company are as follows:

	June 30, 2008	June 30, 2007
	ThUS\$	ThUS\$
Finished products	12,692	7,031
Products in process	22,465	25,712
Materials, raw materials and parts	<u>17,169</u>	<u>8,986</u>
Total	<u><u>52,326</u></u>	<u><u>41,729</u></u>

7. FIXED ASSETS

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

	June 30, 2008	June 30, 2007
	ThUS\$	ThUS\$
Land	<u>301</u>	<u>301</u>
Mining properties	<u>46,529</u>	<u>46,529</u>
Construction and infrastructure:		
Facilities	89,969	85,723
Buildings and construction	28,737	27,860
Infrastructure	<u>33,577</u>	<u>33,578</u>
Total buildings and infrastructure	<u>152,283</u>	<u>147,161</u>
Machinery and equipment:		
Machinery and equipment	55,582	54,309
Mobile equipment	84,014	64,687
Minor equipment	4,325	4,327
Auxiliary equipment	<u>878</u>	<u>826</u>
Total machinery and equipment	<u>144,799</u>	<u>124,149</u>
Other fixed assets:		
Equipment	10,262	9,659
Computer equipment, software and hardware	892	892
Furniture	60	60
Leased assets		353
Construction in progress	46	1,988
Ongoing projects	57,311	5,861
Preoperating expenses	<u>10,879</u>	<u>10,879</u>
Total other fixed assets	<u>79,450</u>	<u>29,692</u>
Total fixed assets, gross	<u>423,362</u>	<u>347,832</u>
Total accumulated depreciation	<u>(120,652)</u>	<u>(97,826)</u>
Total fixed assets, net	<u><u>302,710</u></u>	<u><u>250,006</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:

	June 30, 2008	June 30, 2007
	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>(75,815)</u>	<u>(63,085)</u>
Total mine development costs, net	<u><u>26,345</u></u>	<u><u>39,075</u></u>

9. BANKS LOANS - SENIOR DEBT

The balance is as follows:

Financial institution	Interest	<u>June 30, 2008</u>		<u>June 30, 2007</u>	
		Short term ThUS\$	Long term ThUS\$	Short term ThUS\$	Long term ThUS\$
The Royal Bank of Scotland - BBVA	LIBOR+0,5%	<u> </u>	<u> </u>	<u>14,051</u>	<u>7,000</u>
Total		<u><u> </u></u>	<u><u> </u></u>	<u><u>14,051</u></u>	<u><u>7,000</u></u>

In 2007, the senior debt has half-yearly maturities terminating in December 2008. On February 28, 2008, Minera El Tesoro prepaid all the senior debt.

10. ACCRUALS AND WITHHOLDINGS

This detail of this item is as follows:

	June 30, 2008	June 30, 2007
	ThUS\$	ThUS\$
Short-term:		
Operations	27,462	26,081
Freight, insurance, export commissions	666	566
	<u>28,128</u>	<u>26,647</u>
Subtotal accruals	28,128	26,647
Withholdings	345	859
	<u>28,473</u>	<u>27,506</u>
Total short-term	<u><u>28,473</u></u>	<u><u>27,506</u></u>
Long-term:		
Severance indemnity	5,462	4,015
Mine closure	3,242	2,966
	<u>8,704</u>	<u>6,981</u>
Total long-term	<u><u>8,704</u></u>	<u><u>6,981</u></u>

11. INCOME TAX AND DEFERRED TAXES

The balance of recoverable taxes is as follows:

	June 30, 2008	June 30, 2007
	ThUS\$	ThUS\$
Current assets:		
VAT Credit (net)	5,514	2,950
Others	726	744
	<u>6,240</u>	<u>3,694</u>
Total short-term	<u><u>6,240</u></u>	<u><u>3,694</u></u>
Other assets:		
Additional tax for technical advisory services	1,005	1,003
Long-term tax credits	776	215
	<u>1,781</u>	<u>1,218</u>
Total long-term	<u><u>1,781</u></u>	<u><u>1,218</u></u>

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

a. Income tax and deferred taxes

At June 30, 2008, the Company provided for first category income tax based on the net taxable income of ThUS\$212,918 (ThUS\$195,688 in 2007), 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\$214,500 (ThUS\$197,700 in 2007).

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.

	June 30, 2008	June 30, 2007
	ThUS\$	ThUS\$
Income tax provision for the period	36,196	33,267
Specific mining tax provision	8,580	3,954
Monthly provisional payments	(26,674)	(21,938)
Monthly estimated payments - Specific mining tax	(7,247)	(4,456)
Other credits	<u>(78)</u>	<u>(15)</u>
Total income tax payable	<u><u>10,777</u></u>	<u><u>10,812</u></u>

b. Deferred taxes

The detail of accumulated balances at June 30, 2008 and 2007 of deferred tax assets and liabilities is as follows:

	June 30, 2008				June 30, 2007			
	Assets		Liabilities		Assets		Liabilities	
	Short term	Long term	Short term	Long term	Short term	Long term	Short term	Long term
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Temporary differences								
Vacation accrual	267				125			
Bonus accrual	188				125			
Severance indemnity		491				379		
Accrual for mine closure, net		418				356		
Accruals and others	428	113	304		84	1,494		69
Indirect manufacturing costs			1,453				674	
Fixed assets				25,975				23,290
Preoperating expenses				10,076				11,628
Specific mining tax			<u>103</u>	<u>53</u>		<u>524</u>	<u>56</u>	
Balance at June, 30	<u><u>883</u></u>	<u><u>1,022</u></u>	<u><u>1,860</u></u>	<u><u>36,104</u></u>	<u><u>334</u></u>	<u><u>2,753</u></u>	<u><u>730</u></u>	<u><u>34,987</u></u>

The net balances of short-term deferred taxes of ThUS\$977 (ThUS\$396 in 2007), and long-term deferred taxes of ThUS\$35,082 (ThUS\$32,234 in 2007), are presented in current liabilities and long-term liabilities, respectively.

c. Income tax

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

	June 30, 2008	June 30, 2007
	ThUS\$	ThUS\$
Current tax expense:		
Income tax	36,196	33,267
Surplus prior year provision	(220)	(829)
Specific mining tax	8,580	3,954
Surplus prior year provision	(73)	(171)
Exchange differences	4,918	124
Deferred taxes:		
Changes in deferred taxes	<u>1,639</u>	<u>420</u>
Total	<u><u>51,040</u></u>	<u><u>36,765</u></u>

12. INTEREST RATE COLLAR AND COPPER PRICE CONTRACTS

a. Zero cost collar interest rate contract

At June 30, 2008, the Company does not present interest rate collar operations.

b. Copper Price futures contracts

In 2007 and 2008, various contracts for future COMEX price base sales and future LME price base purchases were entered into for 6,000 and 3,000 tons. The above tonnage corresponds to the sale contract with the client Southwire 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 June 30, 2008:

Product	Institution	Date		Quantity MT	Price of the transaction	
		Subscription	Maturity		Sale of Futures Comex US\$/Ton	Purchase of Futures LME US\$/Ton
2008						
Copper	Koch	10-05-2007	02-03-2009	3,500	7,975	7,950
				<u>3,500</u>		
2009						
Copper	Calyon	06-19-2008	02-02-2010	3,000	8,003	7,966
Copper	Calyon	06-26-2008	02-02-2010	3,000	8,157	8,117
				<u>6,000</u>		

The contracts entered into in 2007 are 500 metric tons of copper per month for Koch, from February 2008.

The contracts entered into in 2008, are 500 metric tons of copper per month for Calyon, from February 2009.

c. Options

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

Open operations at June 30, 2008:

Product	Institution	Date		Quantity MT	Options	
		Subscription	Annual Maturity		Put US\$/Ton	Call US\$/Ton
2008						
Copper	J. Aron & Co.	04-11-2007	12-31-2008	1,950	5,735	8,850
Copper	JP Morgan	04-12-2007	12-31-2008	1,950	5,735	8,810
Copper	Morgan Stanley	04-05-2007	12-31-2008	3,900	5,515	8,400
Copper	J. Aron & Co.	04-17-2007	12-31-2008	2,250	5,735	9,370
Copper	Calyon	04-17-2007	12-31-2008	1,200	6,285	8,500
Copper	Koch	04-18-2007	12-31-2008	1,200	6,285	8,510
Copper	BNP Paribas	04-20-2007	12-31-2008	1,800	6,285	8,550
Copper	Calyon	04-23-2007	12-31-2008	1,950	6,285	8,560
				<u>16,200</u>		
2009						
Copper	J. Aron & Co.	04-11-2007	12-31-2009	3,600	4,850	8,310
Copper	JP Morgan	04-12-2007	12-31-2009	3,600	4,850	8,270
Copper	BNP Paribas	04-05-2007	12-31-2009	7,200	4,630	8,270
Copper	J. Aron & Co.	04-17-2007	12-31-2009	3,600	4,850	8,735
Copper	J. Aron & Co.	04-17-2007	12-31-2009	3,600	5,295	7,940
Copper	JP Morgan	04-23-2007	12-31-2009	3,000	5,295	7,950
Copper	Triland Metals	05-02-2007	12-31-2009	3,000	5,295	8,245
				<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, 2007	90,995	77,442	323,697	492,134
Transfer of income		323,697	(323,697)	
Net income for the period			165,659	165,659
Balance at June 30, 2007	<u>90,995</u>	<u>401,139</u>	<u>165,659</u>	<u>657,793</u>
Balance at January 1, 2008	90,995	401,139	339,511	831,645
Transfer of income		339,511	(339,511)	
Net income for the period			186,278	186,278
Balance at June 30, 2008	<u>90,995</u>	<u>740,650</u>	<u>186,278</u>	<u>1,017,923</u>

b. At June 30, 2008 and 2007, 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	June 30, 2008 ThUS\$	June 30, 2007 ThUS\$
Antofagasta Minerals S.A.	Parent	1	21
Minera Esperanza	Indirect	90,144	
Minera Michilla S.A.	Indirect		1,962
Minera los Pelambres	Indirect	13	
Total		<u>90,158</u>	<u>1,983</u>

b. Accounts payable - Short-term:

Company	Relationship	June 30, 2008 ThUS\$	June 30, 2007 ThUS\$
Antofagasta Minerals S.A.	Parent	19	36
Minera Michilla S.A.	Indirect	467	
Minera Los Pelambres	Indirect	16	
Aguas de Antofagasta S.A.	Indirect	73	
Antofagasta Railway Company Plc. (Agencia en Chile)	Indirect	<u>1,018</u>	<u>914</u>
Total		<u><u>1,593</u></u>	<u><u>950</u></u>

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

c. Transactions with related parties

Significant transactions with related parties during the six months ended in 2008 and 2007 are the following:

Company	Relationship	Transaction	June 30, 2008		June 30, 2007	
			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	1,484	1,247	1,302	1,094
		Reimbursement of expenses	10		39	
		AMSA project services	98	(41)	115	(49)
Compañía Contractural Minera Leonor	Shareholder	Royalties	6,937	6,937	6,300	6,300
Minera Michilla S.A.	Indirect	Purchase of supplies	2,275	1,912	280	235
		Sale of supplies	92	(77)	2,560	(2,151)
		Lease of terminal	387	325	790	664
Minera Esperanza	Indirect	Sundry services	560	(235)		
		Advance of minerals	90,000			
Minera Los Pelambres	Indirect	Outsourcing services	104	87	107	90
		Sale of supplies	32	(29)		
Antofagasta Railway Company Plc. (Agencia en Chile)	Indirect	Transportation	7,399	6,218	4,948	4,158
		Miscellaneous			23	19
Aguas de Antofagasta S.A.	Indirect	Water	485	408		
Entel S.A.	Indirect	Telecommunication services	2	2	51	43
Banco de Chile	Indirect	Bank expenses	36	30	15	13
		Loans	35,131	(140)	43,801	(152)
Artikos	Indirect	Administrative services	19	16	14	12
Adriático	Indirect	Office rental	49	49	41	41
Madeco	Indirect	Supplies	44	37	71	60
Other related	Indirect	Sundry expenses	6	5	4	3

15. OTHER INCOME AND EXPENSES

At June 30, the detail is as follows:

	June 30, 2008	June 30, 2007
	ThUS\$	ThUS\$
Other income:		
Sale of supplies	722	14
Indemnities received	136	
	<hr/>	<hr/>
Total	<u>858</u>	<u>14</u>
Other expenses:		
Provision for obsolescence of materials	1,652	
Fixed assets write - off	1,255	1,171
Others		379
	<hr/>	<hr/>
Total	<u>2,907</u>	<u>1,550</u>

16. CONTINGENCIES, COMMITMENTS AND GUARANTEES

- a. The Company has deposits in guarantee for ThUS\$33 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 foreign advisory services for ThUS\$1,005, case number 7889-2004, which is in the second instance in the court of appeal. It also has a dispute for a ThUS\$30 reimbursement, where the Court, on appeal, annulled the proceedings based on the illegality of the designation and consequent incompetence of the Tax Judge; these proceedings will revert 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

During the Extraordinary Board Meeting of July 24, 2008, the following disbursements were agreed:

- a) On July 25, 2008, the distribution and payment of dividends for a total amount of ThUS\$228,973 charged to net income of 2008.
- b) On July 25, 2008, the purchase of water rights for ThUS\$5,510 from Compañía Contractual Minera Leonor.

- c) On July 25, 2008, the purchase of mining rights corresponding to the project called Tesoro Noreste from Antofagasta Minerals.

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

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