

MINERA LOS PELAMBRES
UNAUDITED FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2008 AND 2007

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

MINERA LOS PELAMBRES

BALANCE SHEETS AT SEPTEMBER 30, 2008 AND 2007
(In thousands of United States dollars - ThUS\$)

	2008 ThUS\$	2007 ThUS\$
ASSETS		
CURRENT ASSETS:		
Cash at banks and in hand	360	287
Time deposits	279,234	229,291
Marketable securities	177,464	324,857
Trade debtors - net	89,345	273,696
Sundry debtors	6,637	35,533
Notes receivable	178	253
Accounts receivable from related companies	21	3
Inventories - net	74,526	75,238
Recoverable taxes	13,762	29,251
Prepaid expenses	5,498	5,533
Deferred taxes	42,680	4,580
Other current assets	16	18
Total current assets	<u>689,721</u>	<u>978,540</u>
FIXED ASSETS:		
Land	8,234	8,234
Constructions and infrastructure	856,047	855,090
Machinery and equipment	719,457	668,135
Other fixed assets	972,602	645,266
Subtotal	2,556,340	2,176,725
Accumulated depreciation	<u>(571,465)</u>	<u>(498,713)</u>
Total fixed assets - net	<u>1,984,875</u>	<u>1,678,012</u>
OTHER ASSETS:		
Intangibles - net	129,286	137,768
Others	11,938	13,770
Total other assets	<u>141,224</u>	<u>151,538</u>
TOTAL ASSETS	<u><u>2,815,820</u></u>	<u><u>2,808,090</u></u>

The accompanying notes are an integral part of these financial statements

	2008	2007
	ThUS\$	ThUS\$
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Bank loans: short-term portion of long-term debt	78,619	86,032
Dividends payable	160,000	370,000
Accounts payable	76,523	68,287
Sundry creditors	7	9
Accounts payable to related companies	954	2,112
Accruals	9,787	18,019
Withholdings	35,338	22,417
Income tax payable	37,895	
Unearned income		23,788
	<u>399,123</u>	<u>590,664</u>
LONG-TERM LIABILITIES:		
Bank loans	115,000	191,667
Accounts payable to related companies	165	165
Accruals	15,860	14,234
Deferred taxes	164,557	146,558
	<u>295,582</u>	<u>352,624</u>
SHAREHOLDERS' EQUITY:		
Paid-in capital	373,820	373,820
Retained earnings:		
Retained earnings	1,611,443	1,476,460
Net income for the period	1,315,852	1,270,931
Interim dividends	(1,180,000)	(1,256,409)
	<u>2,121,115</u>	<u>1,864,802</u>
Total shareholders' equity, net		
	<u>2,121,115</u>	<u>1,864,802</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u><u>2,815,820</u></u>	<u><u>2,808,090</u></u>

MINERA LOS PELAMBRES

STATEMENTS OF INCOME FOR THE NINE - MONTH PERIODS ENDED SEPTEMBER 30, 2008 AND 2007 (In thousands of United States dollars - ThUS\$)

	2008 ThUS\$	2007 ThUS\$
REVENUES	2,305,124	1,913,108
OPERATING COSTS	<u>(506,062)</u>	<u>(316,275)</u>
OPERATING MARGIN	1,799,062	1,596,833
ADMINISTRATIVE AND SELLING EXPENSES	<u>(115,285)</u>	<u>(54,866)</u>
OPERATING INCOME	<u>1,683,777</u>	<u>1,541,967</u>
OTHER INCOME (EXPENSES):		
Other income	5,005	7,784
Financial income	8,984	24,288
Financial expenses	(8,417)	(13,849)
Other expenses	(3,214)	(1,869)
Exchange differences	<u>(30,293)</u>	<u>6,564</u>
Other (expenses) income - net	<u>(27,935)</u>	<u>22,918</u>
INCOME BEFORE INCOME TAX	1,655,842	1,564,885
INCOME TAX	<u>(339,990)</u>	<u>(293,954)</u>
NET INCOME FOR THE PERIOD	<u><u>1,315,852</u></u>	<u><u>1,270,931</u></u>

The accompanying notes are an integral part of these financial statements

MINERA LOS PELAMBRES**STATEMENTS OF CASH FLOWS**
FOR THE NINE - MONTH PERIODS ENDED SEPTEMBER 30, 2008 AND 2007
(In thousands of United States dollars - ThUS\$)

	2008	2007
	ThUS\$	ThUS\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income for the period	1,315,852	1,270,931
Charges (credits) to income not representing cash flows:		
Depreciation and amortization	56,308	52,180
Mark to Market	127,323	(114,516)
Provision for finalization (final liquidations)	1,521	(399)
Obsolescence accrual		6,599
Accruals and other long-term	1,771	(468)
Accrued interest	1,953	4,591
Fixed assets write-off	234	195
Gain (loss) on sales of fixed assets	1	(7,122)
Exchange differences	30,293	(6,564)
Others	(48)	(814)
(Increase) decrease in operating assets:		
Trade debtors	70,131	160,644
Sundry debtors	13,498	(1,735)
Notes receivable	148	(169)
Accounts receivable from related companies	(17)	1
Inventories	59	(35,248)
Recoverable taxes	63,872	(22,505)
Prepaid expenses	6,411	6,137
Other current assets	(775)	(542)
Increase (decrease) in operating liabilities:		
Accounts payable	(36,470)	(37,116)
Accounts payable to related companies	(299)	538
Accruals	(12,288)	(4,048)
Withholdings	(8,751)	(15,597)
Income tax payable	(2,694)	(78,719)
Unearned income		23,104
Net cash provided by operating activities	<u>1,628,033</u>	<u>1,199,358</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to fixed assets - net	(272,113)	(207,856)
Sales of fixed assets	60	7,144
Net cash used in investing activities	<u>(272,053)</u>	<u>(200,712)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of dividends	(1,020,000)	(886,409)
Loan repayment	(43,108)	(43,108)
Net cash used in financing activities	<u>(1,063,108)</u>	<u>(929,517)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	292,872	69,129
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>164,186</u>	<u>485,306</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>457,058</u>	<u>554,435</u>

The accompanying notes are an integral part of these financial statements

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 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 3, 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of presentation - The financial statements as of September 30, 2008 and 2007 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 US\$ amounts using the observed exchange rate on the date of each transaction. Asset and liability balances for accounts recorded in local currency have been converted to United States dollar amounts using the closing exchange rate at the end of each period:

		2008	2007
Closing Exchange Rate (Chilean Peso/US Dollar)	Ch\$	551.31	511.23
Value Unidad de Fomento	Ch\$	20,988.34	19,178.94

Exchange differences are recognized in results for the period.

c. Time deposits - Time deposits and instruments entered into under resale agreements are stated at original investment amount plus accrued interest at the close of each period.

d. Marketable securities - Beginning in 2007, the Company outsourced part of its management of its cash surplus by hiring two Asset Managers, who manage a portfolio of instruments with a view to achieving a return on such surplus. These investments are stated in this item at their redemption value and are adjusted to their fair value at period-end, according to Technical Bulletin No.76 of the Chilean Institute of Accountants.

e. Inventories - In-process and processed minerals inventories are stated at weighted average cost in conformity with the method of full absorption, 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, 2008, this item is presented net of a provision for obsolescence of ThUS\$8,937 (ThUS\$8,937 in 2007).

These valuations do not exceed the respective realizable values.

f. Prepaid expenses - Prepaid expenses mainly include the prepaid 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 production technical units, for assets subject to depreciation in accordance with proper 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, depending on their origin.

Prestripping and preparation and development of the mine relates to the cost accumulated 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 waste and prepare the pit for exploitation.

Mining assets and prestripping are amortized on the basis of extraction of proven and probable 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 based on 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 Bulletins N°60 and complements of the Chilean Institute of Accountants.

k. Severance indemnities - The Company accrues the severance indemnity liability at net present value for those employees whose individual employment contract envisages payment of severance indemnity and Board of Director decisions in the case of non-union employees. The severance indemnity liability is shown under long-term liabilities under the “Accruals” item.

l. Mine closure - The Company provides for mine closure cost and abandonment of installations at net present value pursuant to corporation policies and legal environment obligations entered into with government agencies. Such accruals are shown in long-term liabilities under the “Accruals” item.

m. Cash equivalents - For purposes of the statement of cash flows, cash equivalent includes time deposits and readily realizable financial investments maturing within 90 days, including fixed-income mutual fund units and the investments made by the Asset Managers who handle the short-term portfolio, according to the cash surplus investment policies defined to that effect.

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 to that end contract clauses regarding dates for calculating final prices, and using the conservative criterion of adjusting provisional prices to month-end market values. In addition, estimated losses has been provided for the arbitration of the invoiced quantities.

o. Reclassifications - For comparative purposes, certain reclassifications have been made in the financial statements at September 30, 2007.

3. TIME DEPOSITS

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

	Currency	2008 ThUS\$	2007 ThUS\$
Foreign time deposits	US\$	91,404	187,325
Local time deposits	US\$	180,191	35,027
Local time deposits	Ch\$	7,639	
Local financial investments	Ch\$		6,939
		<u>279,234</u>	<u>229,291</u>
Total time deposits		<u>279,234</u>	<u>229,291</u>

4. MARKETABLE SECURITIES

The detail of investments in marketable securities, is as follows:

		Currency	2008 ThUS\$	2007 ThUS\$
A.M. Deutsche Foreign Investments	(*)	US\$	72,310	154,407
A.M. Blackrock Foreign Investments	(*)	US\$	72,203	154,940
Foreign mutual funds		US\$	24,031	
Local mutual funds		Ch\$	8,920	15,510
			<u>177,464</u>	<u>324,857</u>
Total marketable securities			<u>177,464</u>	<u>324,857</u>

(*) The fair value of this portfolio at September 30, 2008 meant recording a net loss of ThUS\$149 to income.

5. TRADE DEBTORS - NET

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

	2008 ThUS\$	2007 ThUS\$
Foreign debtors		
Europe	67,600	114,790
Asia Pacific	42,535	24,064
Asia Pacific – related (*)	132,382	67,000
Latin America	991	157
North America	2,389	26,317
(Mark to market estimation and metal content adjustment)	<u>(200,867)</u>	<u>(79)</u>
Total foreign debtors	<u>45,030</u>	<u>232,249</u>
Local debtors	<u>44,315</u>	<u>41,447</u>
Total	<u><u>89,345</u></u>	<u><u>273,696</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 - NET

The detail of inventories is as follows:

	2008 ThUS\$	2007 ThUS\$
Finished products	1,485	30,452
Work in progress	41,169	23,915
Raw materials	40,809	29,808
Provision for obsolescence of materials	<u>(8,937)</u>	<u>(8,937)</u>
Total	<u><u>74,526</u></u>	<u><u>75,238</u></u>

7. FIXED ASSETS - NET

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

	2008 ThUS\$	2007 ThUS\$
Land	<u>8,234</u>	<u>8,234</u>
Constructions and infrastructure:		
Buildings and construction	622,665	622,562
Infrastructure	216,489	215,646
Installations	<u>16,893</u>	<u>16,882</u>
Total constructions and infrastructure	<u>856,047</u>	<u>855,090</u>
Machinery and equipment:		
Machinery and equipment	626,391	575,494
Furniture and fixtures	3,617	3,617
Information technology and communication equipment	18,360	17,786
Mobile equipment	70,790	70,959
Vehicles	<u>299</u>	<u>279</u>
Total machinery and equipment	<u>719,457</u>	<u>668,135</u>
Other fixed assets:		
Work in progress El Mauro Dam	606,448	467,037
Work in progress Re-powering II	207,791	28,405
Projects in progress	100,736	92,078
Mining properties	12,643	12,643
Prestripping	44,824	44,824
Fixed assets for disposal	<u>160</u>	<u>279</u>
Total other fixed assets	<u>972,602</u>	<u>645,266</u>
Total fixed assets, gross	<u>2,556,340</u>	<u>2,176,725</u>
Accumulated depreciation of constructions and infrastructure	(244,162)	(221,933)
Amortization properties and prestripping	(16,959)	(14,393)
Accumulated depreciation of machinery and equipment	<u>(310,344)</u>	<u>(262,387)</u>
Total accumulated depreciation and amortization	<u>(571,465)</u>	<u>(498,713)</u>
Total fixed assets – net	<u><u>1,984,875</u></u>	<u><u>1,678,012</u></u>

8. INTANGIBLES - NET

As described in Note 2h, these are mainly pre - operating cost incurred prior to the operation of the original project and El Mauro Dam costs, and other minor intangible costs, as follows:

	2008 ThUS\$	2007 ThUS\$
Cost of initial studies transferred from Minera El Chacay	8,487	8,487
Costs of support management prior to construction stage	8,204	8,204
Preoperating costs of construction stage	137,912	137,912
Costs of start-up, balance of construction	4,957	4,957
Preoperating gains and losses	8,500	8,500
Easements, water rights, software, trade marks, patents and other rights	9,934	9,424
Preoperating cost initial El Mauro Dam studies	<u>5,138</u>	<u>5,138</u>
Total intangibles	183,132	182,622
Accumulated amortization	<u>(53,846)</u>	<u>(44,854)</u>
Total intangibles - net	<u><u>129,286</u></u>	<u><u>137,768</u></u>

9. BANKS LOANS

The Company has financing from international institutions agreed in US dollars.

This outstanding debt was fully refinanced in 2004 by a syndicate of foreign banks headed by Citibank and duly approved and registered with Chile's Central Bank. This loan will be repaid in 12 semi-annual installments, which mature every June 15 and every December 15 of each year, starting on June 15, 2005.

This refinancing meant paying an Up-Front commission of ThS\$2,070 which has been deferred and is being amortized over the term of the new loan.

At September 30, 2008:

Financial institutions	Interest rate %	Short term ThUS\$	Long term ThUS\$
Citibank and others	3.4275	<u>78,619</u>	<u>115,000</u>
Total		<u><u>78,619</u></u>	<u><u>115,000</u></u>

At September 30, 2007:

Financial institutions	Interest rate %	Short term ThUS\$	Long term ThUS\$
Citibank and others	5.6775	81,195	191,667
BBVA Banco Bhif	5.7463	<u>4,837</u>	<u> </u>
Total		<u><u>86,032</u></u>	<u><u>191,667</u></u>

10. ACCOUNTS PAYABLE

The detail of this item is as follows:

	2008 ThUS\$	2007 ThUS\$
Invoices payable	65,792	59,381
Withholdings from contractors	7,200	4,624
Insurance policies payable	3,155	3,879
Other	<u>376</u>	<u>403</u>
Total	<u><u>76,523</u></u>	<u><u>68,287</u></u>

11. ACCRUALS

This detail of this item at September 30, 2008 and 2007 is as follows:

	2008 ThUS\$	2007 ThUS\$
Short-term:		
Personnel benefits	9,689	12,330
Major maintenance		5,489
Provision for contractors		8
Sundry	<u>98</u>	<u>192</u>
Total	<u><u>9,787</u></u>	<u><u>18,019</u></u>
	2008 MUS\$	2007 US\$
Long-term:		
Severance indemnity	12,759	11,559
Mine closure costs	<u>3,101</u>	<u>2,675</u>
Total	<u><u>15,860</u></u>	<u><u>14,234</u></u>

12. INCOME AND DEFERRED TAXES

a. Recoverable taxes include the following:

	2008 ThUS\$	2007 ThUS\$
Current assets:		
Specific tax on petroleum products	370	434
Value added tax	12,239	6,004
Monthly Provisional Payments and income tax credit, net		22,720
Other withholding taxes recoverable	<u>1,153</u>	<u>93</u>
Total short-term	<u><u>13,762</u></u>	<u><u>29,251</u></u>
Other assets (long term):		
Additional tax for advisory services	<u>5,102</u>	<u>4,815</u>
Total long-term	<u><u>5,102</u></u>	<u><u>4,815</u></u>

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

b. Income Tax

The provision for first category income tax at September 30, 2008 and 2007 was 17% of net taxable income of ThUS\$1,688,027 and ThUS\$1,409,210, respectively, calculated as provided for in the Chilean Income Tax Law. The provision for the specific mining tax at September 30, 2008 and 2007 was 4% of the net operating taxable income of ThUS\$1,730,168 and ThUS\$1,396,810, respectively. However, as of 2008 there is no credit of 2% over the specific mining tax, as this tax franchise ends.

At September 30, 2008, the provisions for income and specific mining tax are presented in income tax payable in current liabilities net of monthly provisional payments, specific mining tax credits, training credits, donations and credits for purchases of fixed assets.

At September 30, 2007, as monthly provisional payments are higher than the income tax calculated for the period, the surplus of ThUS\$22,720 has been reclassified to recoverable taxes, as indicated in Note 12 a).

	2008 ThUS\$	2007 ThUS\$
Income tax provision	(286,964)	(239,566)
Specific mining tax provision	(69,208)	(27,936)
Monthly provisional payments	316,855	266,660
Technical consulting services additional tax	405	550
Recoverable training expenses	102	101
Credits from donations	915	191
	<hr/>	<hr/>
Income tax and specific mining payable	<u>(37,895)</u>	<u>-</u>

c. Deferred taxes

At September 30, 2008 and 2007, the detail of accumulated deferred taxes balances was as follows:

	2008				2007			
	<u>Asset</u>		<u>Liability</u>		<u>Asset</u>		<u>Liability</u>	
	Short term ThUS\$	Long term ThUS\$	Short term ThUS\$	Long term ThUS\$	Short term ThUS\$	Long term ThUS\$	Short term ThUS\$	Long term ThUS\$
Provision for final liquidations	40						68	
Provision for price and quantity variations	34,148				14			
Allowance for uncollectible accounts	69				102			
Provision for vacations	580				506			
Unearned income					4,044			
Provision for maintenance					933			
Provision for obsolete materials	1,519				1,594			
Severance indemnity		2,140				1,910		
Provision for mine closure		527				323		
Refinancing costs			59	73				59
Indirect manufacturing expense			1,501					2,685
Indirect manufacturing charges			265					272
Depreciation of fixed assets				135,744				116,636
Preoperational expenses				26,615				28,385
Specific mining taxes	8,554	503	418	5,295	832	745	354	4,515
Other	25		12		1		8	
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total deferred taxes	<u>44,935</u>	<u>3,170</u>	<u>2,255</u>	<u>167,727</u>	<u>8,026</u>	<u>2,978</u>	<u>3,446</u>	<u>149,536</u>

The net asset for short-term deferred taxes is presented in current assets for ThUS\$42,680 (current assets of ThUS\$4,580 in 2007).

The net liability for long-term deferred taxes is presented in long-term liabilities for ThUS\$164,557 (ThUS\$146,558 in 2007).

The breakdown of the charge for income tax is as follows:

	2008 ThUS\$	2007 ThUS\$
Current tax expense:		
Provision for income tax of the period	(286,964)	(239,566)
Surplus of prior year income tax provision	38	65
Provision for specific mining tax	(69,208)	(27,936)
Surplus (deficit) of prior year specific minning tax	36	(131)
Deferred taxes:		
Changes in deferred taxes during the period	11,820	(23,374)
Deferred taxes for specific mining tax	4,288	(3,012)
	<u>(339,990)</u>	<u>(293,954)</u>

13. SHAREHOLDERS' EQUITY

a. The following are the equity movements during the periods 2008 and 2007:

Items	Paid-in capital ThUS\$	Retained earnings ThUS\$	Total ThUS\$
Balances at January 1, 2007	373,820	1,476,460	1,850,280
Net income for the period		1,270,931	1,270,931
Interim dividends		(1,256,409)	(1,256,409)
		<u>1,490,982</u>	<u>1,864,802</u>
Balances at September 30, 2007	373,820	1,490,982	1,864,802
Balances at January 1, 2008	373,820	1,611,443	1,985,263
Net income for the period		1,315,852	1,315,852
Interim dividends		(1,180,000)	(1,180,000)
		<u>1,747,295</u>	<u>2,121,115</u>
Balances at September 30, 2008	373,820	1,747,295	2,121,115

- b. Shareholdings of the subscribed and paid-in capital are as follows at September 30, 2008:

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.	32,912,319	32,912	8.80
Total	<u>373,819,680</u>	<u>373,820</u>	<u>100.00</u>

- c. The Board of Directors approved the interim dividends paid to the Company's shareholders in 2008, in the ordinary meetings N° 124, dated March 26, 2008 and N° 125, dated May 16, 2008; the extraordinary meeting held on July 30, 2008, and the ordinary meeting N° 126, dated August 28, 2008, for ThUS\$300,000, ThUS\$300,000, ThUS\$420,000 and ThUS\$160,000, respectively.
- d. The Board of Directors approved the interim dividends paid to the Company's shareholders in 2007 in the ordinary meeting N°117, dated May 23, 2007, the extraordinary meeting dated August 10, 2007 and the ordinary meeting N°120, dated September 27, 2007, for ThUS\$700,000, ThUS\$186,409 and ThUS\$370,000 respectively.

14. TRANSACTIONS AND BALANCES WITH RELATED COMPANIES

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

At September 30, 2008:

Related party	Transaction description	Transaction amount	Effect on income charge (credit)	Asset	Liability
		ThUS\$	ThUS\$	ThUS\$	ThUS\$
Antofagasta Minerals S.A.	Administrative services received	470	616		562
	Technical support received	1,289	1,083		124
	Recovery of expenses	594	500		267
	Expense collection	42	(26)	2	
Minera Michilla S.A.	Rental of offices in Santiago	184	184		
Madeco S.A.	Purchase of materials for projects	589	367		
Minera El Tesoro	Expense collection	155	(130)	16	
	Purchase of materials	89	74		
Minera Esperanza	Expense collection	3	(3)	3	
Other related parties	Services and others	2,592	2,458		1
LP Investment Co. Ltd.	20% withholding on disallowed expenses	250	250		
Nippon LP Resources BV	20% withholding on disallowed expenses	122	122		
MM LP Holding BV	20% withholding on disallowed expenses	73	73		
Total short term				21	954
Antofagasta Minerals S.A.	Water rights				165
Total long term					165

At September 30, 2007:

Related party	Transaction description	Transaction amount	Effect on income charge (credit)	Asset	Liability
		ThUS\$	ThUS\$	ThUS\$	ThUS\$
Antofagasta Minerals S.A.	Administrative services received	1,142	960		864
	Technical support received	1,148	964		172
	Recovery of expenses	1,407	1,170		1,058
	Expense collection	61	(37)		
Minera Michilla S.A.	Rental of offices in Santiago	155	155		18
	Expense collection	17	(14)		
Madeco S.A.	Purchase of materials	539	241		
Minera El Tesoro	Expense collection	153	(128)		
Other related parties	Services and others	1,876	1,805	3	
LP Investment Co. Ltd.	20% withholding on disallowed expenses	61	61		
Nippon LP Resources BV	20% withholding on disallowed expenses	30	30		
MM LP Holding BV	20% withholding on disallowed expenses	18	18		
Total short-term				3	2,112
Antofagasta Minerals S.A.	Water rights				165
Total long-term					165

15. OTHER INCOME AND EXPENSES

The detail of other income and expenses is as follows:

	2008 ThUS\$	2007 ThUS\$
Other income:		
Indemnities received	4,975	
Gain on sale of fixed asset		7,122
Other income	30	662
	<hr/>	<hr/>
Total	<u>5,005</u>	<u>7,784</u>
Other expenses:		
Contribution to Minera Los Pelambres Foundation	2,281	1,498
Retentions write-off	445	
Projects write-off	234	195
Provision for write-off of housing loans	130	90
Loss on sale of fixed assets	1	
Other expenses	123	86
	<hr/>	<hr/>
Total	<u>3,214</u>	<u>1,869</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.

II. Encumbrances:

The Company's assets are not subject any mortgages, encumbrances or prohibitions.

III. OTHER GUARANTEES

Guarantees Provided:

- The Company has issued performance bonds through banks for ThUS\$12,655 in favor of the Water Board of the Chilean Ministry of Public Works as collateral for any possible costs incurred in a possible abandonment of the construction and operation of the Los Quillayes tailings dam. Such bonds are in force until July 3, 2009.

- The Company has issued performance bonds through banks for ThUS\$4,877 in favor of the Water Board of the Chilean Ministry of Public Works as collateral for any possible costs incurred in a possible abandonment of the construction and operation of the El Mauro tailings dam. Such bonds are in force until October 26, 2009.
- The Company has issued, bank guarantees in favor of the Water Board of the Chilean Ministry of Public Works, to guarantee the reposition costs for any possible abandonment of tailing dams system and re-circulation of water of the El Mauro tailings dam for UF17,526 equivalent to ThUS\$667 as a requirement for river flow modification permits.

Guarantees Received:

- To date, performance bonds and letters of credits, issued by foreign or local banks in favor of the Company, have been provided by contractors and suppliers for an approximate amount for ThUS\$83,440 to guarantee compliance with contracts and as in the case of equipment its quality and performance.

IV. RESTRICTIONS ON OPERATIONS OR LIMITS

The new bank loan contract resulting from the refinancing mentioned in Note 9 significantly reduces the restrictions regarding indebtedness, dividend distribution and hedging operations.

V. MINERAL SALES AGREEMENTS

The mineral sale agreements correspond to the contracts signed with domestic and foreign clients, valued at the selling prices in force at period-end. Such prices are agreed on FOB and CIF terms, as appropriate, and are negotiated annually.

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

Period	ThUS\$
2008	636,000
2009	1,335,000

17. SUBSEQUENT EVENTS

On October 23, 2008, through an out-of-court settlement granted by public deed at the office of the Public Notary of Mr. Ivan Torrealba Acevedo in Santiago, the Company has ended the following lawsuit disclosed in previous financial statements:

Plaintiff : Sociedad Agrícola y Comercial Mauro Ltda.
Defendant : (i) Principal defendants: Muñoz Navarrete, Arnoldo, Jorge and Germán Muñoz C; (ii) Subsidiary defendant: Minera Los Pelambres.
Case No. : 690/02, 12th Civil Court of Santiago
Matter : Nullity of Sales Contract and replevying.

As a result of this settlement, the Company has obtained through a court resolution dated October 24, 2008, the release of the following precautionary measures disclosed previously:

- Precautionary measure prohibiting acts and contracts from being entered into under N°4 of article 298 of the Civil Code, in case number 690-02, as mentioned above.
- Precautionary measure prohibition to deposit tailings or material in the El Mauro Tailings Dam, decreed in the aforementioned judgment.

Likewise, as a result of this out-of-court settlement related to Case N° 690-02 at the 12th Civil Court of Santiago, the presentation of an inapplicability measure for unconstitutionality regarding this case was terminated, which was a claim that had been filed with the Constitutional Court under N° 1118/2008/INA.

Between October 1, 2008, and the date of issue of these financial statements, no other significant events occurred that could affect their interpretation.

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