

**MINERA EL TESORO**  
ANAUDITED FINANCIAL STATEMENTS  
FOR THE FIRST QUARTER ENDED 31 MARCH 2009 AND 2008

(TRANSLATION FROM SPANISH VERSION TO BE  
FILED WITH SUPERINTENDENCIA DE VALORES Y SEGUROS  
DE CHILE 28<sup>TH</sup> MAY 2009)

## MINERA EL TESORO

BALANCE SHEETS AT MARCH 31, 2009 AND 2008

(In thousands of US Dollars - ThUS\$)

<b>ASSETS</b>	<b>2009</b> ThUS\$	<b>2008</b> ThUS\$
<b>CURRENT ASSETS:</b>		
Cash at banks and in hand	1,882	154
Time deposits	175,036	34,095
Marketable securities		526,098
Trade debtors	28,989	94,573
Accounts receivable from related companies	310	769
Sundry debtors	6,981	2,117
Inventories	39,583	49,733
Recoverable taxes	30,614	7,312
Prepaid expenses	3,497	886
Other current assets	5,101	39
Total current assets	<u>291,993</u>	<u>715,776</u>
<b>FIXED ASSETS:</b>		
Land	301	301
Mining properties	241,529	46,529
Construction and infrastructure	164,646	150,797
Machinery and equipment	150,057	143,478
Other fixed assets	166,107	53,195
Subtotal	<u>722,640</u>	<u>394,300</u>
Less: Accumulated depreciation	<u>(138,396)</u>	<u>(114,989)</u>
Total fixed assets	<u>584,244</u>	<u>279,311</u>
<b>OTHER ASSETS:</b>		
Accounts receivable from related company	90,000	
Mine development costs - net	16,770	29,334
Others	22,591	7,879
Total other assets	<u>129,361</u>	<u>37,213</u>
<b>TOTAL ASSETS</b>	<u><u>1,005,598</u></u>	<u><u>1,032,300</u></u>

The accompanying notes are an integral part of these financial statements

<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>2009</b> ThUS\$	<b>2008</b> ThUS\$
<b>CURRENT LIABILITIES:</b>		
Accounts payable	25,347	20,450
Leasing obligations, current portion	141	
Accounts payable to related companies	1,932	4,082
Sundry creditors	5,069	
Accruals and withholdings	22,605	27,193
Income tax payable		6,296
Deferred taxes	1,243	1,516
Total current liabilities	<u>56,337</u>	<u>59,537</u>
<b>LONG-TERM LIABILITIES:</b>		
Leasing obligations	253	
Sundry creditors	9,294	
Accruals	8,883	8,874
Deferred taxes	58,248	34,319
Total long-term liabilities	<u>76,678</u>	<u>43,193</u>
<b>SHAREHOLDERS' EQUITY:</b>		
Paid-in capital	90,995	90,995
Retained earnings	758,973	740,650
Net income for the period	22,615	97,925
Total shareholders' equity	<u>872,583</u>	<u>929,570</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<u><u>1,005,598</u></u>	<u><u>1,032,300</u></u>

**MINERA EL TESORO**

## STATEMENTS OF INCOME

FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2009 AND 2008

(In thousands of US Dollars - ThUS\$)

	<b>2009</b>	<b>2008</b>
	ThUS\$	ThUS\$
REVENUES	83,866	196,448
COST OF SALES	<u>(57,809)</u>	<u>(67,534)</u>
GROSS MARGIN	26,057	128,914
ADMINISTRATIVE AND SELLING EXPENSES	<u>(8,924)</u>	<u>(8,796)</u>
OPERATING INCOME	<u>17,133</u>	<u>120,118</u>
OTHER INCOME (EXPENSES):		
Financial income	2,039	5,069
Other income	593	1,338
Exchange differences	9,748	(2,470)
Financial expenses	(218)	(473)
Other expenses	<u>(913)</u>	<u>(684)</u>
Other income - net	<u>11,249</u>	<u>2,780</u>
INCOME BEFORE INCOME TAX	28,382	122,898
INCOME TAX	<u>(5,767)</u>	<u>(24,973)</u>
NET INCOME FOR THE PERIOD	<u><u>22,615</u></u>	<u><u>97,925</u></u>

The accompanying notes are an integral part of these financial statements

**MINERA EL TESORO****STATEMENTS OF CASH FLOWS**

FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2009 AND 2008

(In thousands of US Dollars - ThUS\$)

	<b>2009</b>	<b>2008</b>
	ThUS\$	ThUS\$
Net income for the period	22,615	97,925
Charges (credits) to income which do not represent cash flows:		
Depreciation and amortization	9,162	8,487
Deferred taxes	6,710	1,415
Exchange differences	(9,748)	2,470
Project write-offs		396
(Increase) decrease in assets which affect cash flows:		
Trade debtors	354	(38,979)
Sundry debtors and others	5,367	7,092
Inventories	4,561	(11,879)
Recoverable taxes	1,593	(2,524)
Other assets	(939)	(1,227)
Increase (decrease) in liabilities which affect cash flows:		
Accounts payable and sundry creditors	6,823	(1,670)
Accounts payable to related companies - net	2,245	1,700
Income tax	(7,417)	2,637
Other liabilities		(1,803)
Net cash provided by operating activities	<u>41,326</u>	<u>64,040</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Payment senior debt		<u>(14,000)</u>
Net cash used in financing activities	<u>-</u>	<u>(14,000)</u>
<b>CASH FLOW FROM INVESTMENT ACTIVITIES:</b>		
Purchase of fixed asset - net	(24,464)	(23,945)
Incorporation of development costs, net	<u>(11,525)</u>	
Net cash used in investment activities	<u>(35,989)</u>	<u>(23,945)</u>
<b>NET POSITIVE CASH FLOW FOR THE PERIOD</b>	5,337	26,095
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<u>171,581</u>	<u>534,252</u>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<u><u>176,918</u></u>	<u><u>560,347</u></u>

The accompanying notes are an integral part of these financial statements

# MINERA EL TESORO

## NOTES TO THE FINANCIAL STATEMENTS

(In thousand of US dollars - ThUS\$)

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### 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 June 16, 2005, and the relevant regulations issued by the Superintendence of Securities and Insurance (“SVS”) through its Exempt Resolutions N°549 of September 23, 2005 and N° 39 of February 3, 2006, the Company shall deliver its Audited Quarterly and 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. Basis of presentation** - The financial statements at March 31, 2009 and 2008 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 March 31, 2009 and 2008.

**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 \$583.26 per US\$1 in 2009 (\$437.71 per US\$1 in 2008).

**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 11).

**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.

### 3. TIME DEPOSITS

This item includes time deposits as follows:

#### Time deposits

	<b>Currency</b>	<b>2009</b> ThUS\$	<b>2008</b> ThUS\$
Time deposits overseas	US\$	35,960	33,204
Local financial investments	Ch\$	77,073	
	US\$	<u>62,003</u>	<u>891</u>
Total time deposits		<u><u>175,036</u></u>	<u><u>34,095</u></u>

### 4. MARKETABLE SECURITIES

The detail of investments in marketable securities is as follows:

	<b>2009</b> ThUS\$	<b>2008</b> ThUS\$
Asset manager Deutsche		263,588
Asset manager Blackrock		<u>262,510</u>
Total	<u><u>-</u></u>	<u><u>526,098</u></u>

## 5. TRADE DEBTORS

The split of this balance by geographical destination is as follows:

	<b>2009</b>	<b>2008</b>
	ThUS\$	ThUS\$
<b>Foreign clients:</b>		
Europe	8,249	55,406
Latin America	5,216	12,963
Asia Pacific	7,574	18,051
North America	<u>2,207</u>	<u>4,662</u>
Total foreign clients	<u>23,246</u>	<u>91,082</u>
<b>Domestic clients:</b>	<u>5,743</u>	<u>3,491</u>
Total	<u><u>28,989</u></u>	<u><u>94,573</u></u>

## 6. INVENTORIES

Inventories of the Company are as follows:

	<b>2009</b>	<b>2008</b>
	ThUS\$	ThUS\$
Finished products	6,689	7,899
Products in process	20,135	22,506
Materials, raw materials and parts	<u>12,759</u>	<u>19,328</u>
Total	<u><u>39,583</u></u>	<u><u>49,733</u></u>

## 7. FIXED ASSETS

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

	<b>2009</b> ThUS\$	<b>2008</b> ThUS\$
<b>Land</b>	<u>301</u>	<u>301</u>
<b>Mining properties</b>	<u>241,529</u>	<u>46,529</u>
<b>Construction and infrastructure:</b>		
Facilities	102,158	89,360
Buildings and construction	28,737	27,860
Infrastructure	<u>33,751</u>	<u>33,577</u>
Total buildings and infrastructure	<u>164,646</u>	<u>150,797</u>
<b>Machinery and equipment:</b>		
Machinery and equipment	55,714	55,582
Mobile equipment	84,264	82,693
Minor equipment	4,595	4,325
Auxiliary equipment	<u>5,484</u>	<u>878</u>
Total machinery and equipment	<u>150,057</u>	<u>143,478</u>
<b>Other fixed assets:</b>		
Equipment	10,294	10,147
Computer equipment, software and hardware	908	892
Furniture	87	60
Leased assets	457	
Construction in progress	2,238	617
Ongoing projects (a)	141,244	30,600
Preoperating expenses	<u>10,879</u>	<u>10,879</u>
Total other fixed assets	<u>166,107</u>	<u>53,195</u>
Total fixed assets, gross	<u>722,640</u>	<u>394,300</u>
<b>Total accumulated depreciation</b>	<u>(138,396)</u>	<u>(114,989)</u>
Total fixed assets, net	<u><u>584,244</u></u>	<u><u>279,311</u></u>

(a) The projects in progress mainly include the new open pit Tesoro Norte and ROM piles that start production at the beginning of the second semester of 2009.

## 8. MINE DEVELOPMENT COSTS - NET

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

	<b>2009</b> ThUS\$	<b>2008</b> ThUS\$
<b>Mine development costs:</b>		
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>(85,390)</u>	<u>(72,826)</u>
Total mine development costs, net	<u><u>16,770</u></u>	<u><u>29,334</u></u>

## 9. ACCRUALS AND WITHHOLDINGS

This detail of this item is as follows:

	<b>2009</b> ThUS\$	<b>2008</b> ThUS\$
<b>Short-term:</b>		
Operations	18,819	26,003
Freight, insurance, export commissions	<u>855</u>	<u>860</u>
Subtotal accruals	19,674	26,863
Withholdings	<u>2,931</u>	<u>330</u>
Total short-term	<u><u>22,605</u></u>	<u><u>27,193</u></u>
<b>Long-term:</b>		
Severance indemnity	5,422	5,703
Mine closure	<u>3,461</u>	<u>3,171</u>
Total long-term	<u><u>8,883</u></u>	<u><u>8,874</u></u>

## 10. INCOME TAX AND DEFERRED TAXES

The balance of recoverable taxes is as follows:

	<b>2009</b>	<b>2008</b>
	ThUS\$	ThUS\$
<b>Current assets:</b>		
VAT Credit (net)	6,142	6,251
Other monthly refundable credits	625	1,061
Monthly provisional payments (net)	<u>23,847</u>	<u>          </u>
Total short-term	<u><u>30,614</u></u>	<u><u>7,312</u></u>
<b>Other assets:</b>		
Additional tax for technical advisory services	906	1,157
Long-term tax credits	<u>816</u>	<u>592</u>
Total long-term	<u><u>1,722</u></u>	<u><u>1,749</u></u>

Short-term recoverable taxes include the provisional monthly payment balance, net of first category tax and specific mining tax.

The long-term tax recoverable is included in others under other long-term assets.

### a. Income tax and deferred taxes

The provision for first category income tax at March 31, 2009, is calculated based on net taxable income of ThUS\$10,741 (ThUS\$169,336 in 2008), determined in agreement with the Income Law. The Company provided for mining specific tax provision, calculated on the basis of operating taxable income of ThUS\$22,075 (ThUS\$173,938 in 2008).

In 2009, 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.

	<b>2009</b>	<b>2008</b>
	ThUS\$	ThUS\$
Income tax provision for the period	34,236	97,759
Specific mining tax provision	12,404	13,921
Monthly provisional payments - First category tax	(33,220)	(83,201)
Monthly provisional payments - Specific mining tax	(12,404)	(21,758)
Other credits	<u>(1,016)</u>	<u>(425)</u>
Total income tax payable	<u><u>-</u></u>	<u><u>6,296</u></u>

## b. Deferred taxes

At March 31, 2009 and 2008, the detail of accumulated balances of assets and liabilities from deferred taxes is as follows:

	2009				2008			
	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\$
<b>Temporary differences</b>								
Vacation accrual	229				178			
Bonus accrual	84				70			
Severance indemnity		544				590		
Accrual for mine closure, net		467				402		
Finance leases		5						
Accruals and others	30	67	856		150	369	260	
Indirect manufacturing costs			524				1,453	
Fixed assets				28,274				25,143
Preoperating expenses MET				30,616				10,442
Specific mining tax			206	441			201	95
Balance at March 31	<u>343</u>	<u>1,083</u>	<u>1,586</u>	<u>59,331</u>	<u>398</u>	<u>1,361</u>	<u>1,914</u>	<u>35,680</u>

The net balances of short-term deferred taxes of ThUS\$1,722 (ThUS\$2,312 in 2008), and long-term deferred taxes for ThUS\$60,104 (ThUS\$37,041 in 2008), 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:

	2009	2008
	ThUS\$	ThUS\$
<b>Current tax expense:</b>		
Income tax	(1,826)	28,787
Specific mining tax	883	6,957
Exchange differences		(12,186)
<b>Deferred taxes:</b>		
Changes in deferred taxes	<u>6,710</u>	<u>1,415</u>
Total	<u>5,767</u>	<u>24,973</u>

## 11. COPPER PRICE FUTURES CONTRACTS

### a. Copper Price futures contracts

In 2008, various contracts for future COMEX price base sales and future LME price base purchases were entered into for 6,000 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.

#### Outstanding operations at March 31, 2009:

Product	Institution	Date		Quantity MT	Price of the transaction	
		Subscription	Maturity		Sale of Futures Comex US\$/Ton	Purchase of Futures LME US\$/Ton
<b>2009</b>						
Copper	Calyon	06-19-2008	02-02-2010	2,500	8,003	7,966
Copper	Calyon	06-26-2008	02-02-2010	<u>2,500</u>	8,157	8,117
				<u>5,000</u>		

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

**b. Options**

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

**Open operations at March 31, 2009**

Product	Institution	Date		Remaining Quantity MT	Options	
		Suspcription	Annual Maturity		Put US\$/Ton	Call US\$/Ton
<b>2009:</b>						
Copper	J. Aron & Co.	04-11-2007	12-31-2009	2,700	4,850	8,310
Copper	JP Morgan	04-12-2007	12-31-2009	2,700	4,850	8,270
Copper	BNP Paribas	04-05-2007	12-31-2009	5,400	4,630	8,270
Copper	J. Aron & Co.	04-17-2007	12-31-2009	2,700	4,850	8,735
Copper	J. Aron & Co.	04-17-2007	12-31-2009	2,700	5,295	7,940
Copper	JP Morgan	04-23-2007	12-31-2009	2,250	5,295	7,950
Copper	Triland Metals	05-02-2007	12-31-2009	2,250	5,295	8,245
Copper	Morgan	02-24-2009	12-31-2009	4,000	2,866	3,968
Copper	Calyon	02-25-2009	12-31-2009	4,000	2,868	3,999
Copper	Calyon	02-25-2009	12-31-2009	4,000	2,868	4,105
Copper	Standard Bank	03-04-2009	12-31-2009	4,000	3,090	4,200
				36,700		

During January 2009, the Company entered into new contracts in order to hedge 7,850 tons in 2009, starting in February.

Operations:

Product	Institution	Date		Remaining quantity MT	Fixed price US\$/Ton
		Suspcription	Annual Maturity		
<b>2009:</b>					
Cobre	JP Morgan	01-09-2009	04-30-2009	1,000	3,310
Cobre	BNP	01-13-2009	04-30-2009	800	3,315
Cobre	Calyon	01-15-2009	04-30-2009	650	3,315
				2,450	

## 12. SHAREHOLDERS' EQUITY

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

	<b>Paid-in capital</b> ThUS\$	<b>Retained earnings</b> ThUS\$	<b>Net income for the period</b> ThUS\$	<b>Total shareholders' equity</b> ThUS\$
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			97,925	97,925
Balance at March 31, 2008	<u>90,995</u>	<u>740,650</u>	<u>97,925</u>	<u>929,570</u>
Balance at January 1, 2009	90,995	511,677	247,296	849,968
Transfer of income		247,296	(247,296)	
Net income for the period			22,615	22,615
Balance at March 31, 2009	<u>90,995</u>	<u>758,973</u>	<u>22,615</u>	<u>872,583</u>

b. At March 31, 2009, the paid-in capital of the Company is represented by 90,995 no-par value shares. The equity ownership is as follows:

	<b>N° of shares</b>	<b>Ownership %</b>
Antofagasta Minerals S.A.	28,208	31
Compañía Contractual Minera Leonor	35,489	39
Sierra Gorda Mining Investment B V	<u>27,298</u>	<u>30</u>
Total	<u>90,995</u>	<u>100</u>

## 13. BALANCES AND TRANSACTIONS WITH RELATED COMPANIES

a. **Accounts receivable - short-term**

<b>Company</b>	<b>Relationship</b>	<b>2009</b> ThUS\$	<b>2008</b> ThUS\$
Antofagasta Minerals S.A.	Parent	26	71
Minera Esperanza	Indirect	209	17
Minera Michilla S.A.	Indirect	75	649
Minera los Pelambres	Indirect		26
Agua de Antofagasta S.A.	Indirect		6
Total		<u>310</u>	<u>769</u>

**b. Accounts receivable - long-term:**

<b>Company</b>	<b>Relationship</b>	<b>2009</b> ThUS\$	<b>2008</b> ThUS\$
Minera Esperanza	Indirect	<u>90,000</u>	<u>          </u>

**c. Accounts payable - short-term:**

<b>Company</b>	<b>Relationship</b>	<b>2009</b> ThUS\$	<b>2008</b> ThUS\$
Antofagasta Minerals S.A.	Parent	210	325
Minera Michilla S.A.	Indirect	95	1,974
Minera los Pelambres	Indirect	13	
Aguas de Antofagasta S.A.	Indirect	450	87
Transportes Integrados S.A.	Indirect		27
Antofagasta Railway Company Plc. (Agencia en Chile)	Indirect	<u>1,164</u>	<u>1,669</u>
<b>Total</b>		<u>1,932</u>	<u>4,082</u>

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

**d. Transactions with related parties**

Significant transactions with related parties during the three month periods ended March 31, 2009 and 2008, are the following:

<b>Company</b>	<b>Relationship</b>	<b>Transaction</b>	<b>2009</b>		<b>2008</b>	
			<b>Amount of the transaction</b> ThUS\$	<b>Effect on income charge (credit)</b> ThUS\$	<b>Amount of the transaction</b> ThUS\$	<b>Effect on income charge (credit)</b> ThUS\$
Antofagasta Minerals S.A.	Parent	Administrative services	388	326	783	658
		Reimbursement of expenses			4	
		AMSA project services	27	(23)	67	(56)
Compañía Contractural Minera Leonor	Shareholder	Royalties	1,334	1,334	2,552	2,552
Minera Michilla S.A.	Indirect	Purchase of supplies	375	315	1,653	1,389
		Sale of supplies	797	(670)	92	(77)
		Lease of terminal	223	188	308	259
Minera Esperanza	Indirect	Sundry services	341	(287)	22	(18)
Minera Los Pelambres	Indirect	Outsourcing services	39	32	51	43
Antofagasta Railway Company Plc. (Agencia en Chile)	Indirect	Transportation	2,882	2,422	4,034	3,390
Aguas de Antofagasta S.A.	Indirect	Water	2,983	2,507	241	203
		Sale of supplies				
Banco de Chile	Indirect	Bank expenses	11	10	12	10
Artikos	Indirect	Administrative services	7	6	14	12
Adriático	Indirect	Office rental			24	24
Madeco	Indirect	Supplies	14	12	25	21
Other related	Indirect	Sundry expenses	77	64	4	4

#### 14. OTHER INCOME AND EXPENSES

At March 31, the detail is as follows:

	<b>2009</b>	<b>2008</b>
	ThUS\$	ThUS\$
<b>Other income</b>		
Sales and extraordinary services	142	1,338
Indemnities received	<u>451</u>	<u>          </u>
Total	<u>593</u>	<u>1,338</u>
<b>Other expenses:</b>		
Cost of sales and extraordinary services		684
Loss of claimed assets	879	
Housing loan write- off	32	
Others	<u>2</u>	<u>          </u>
Total	<u>913</u>	<u>684</u>

#### 15. CONTINGENCIES, COMMITMENTS AND GUARANTEES

- a. The Company has deposits in guarantee for ThUS\$34 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\$830, case number 7889-2004, which is in the second instance in the court of appeal. It also has a dispute for a ThUS\$26 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.

#### 16. SUBSEQUENT EVENTS

Between April 1, 2009 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.

\* \* \* \* \*

<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>2009</b> ThUS\$	<b>2008</b> ThUS\$
<b>CURRENT LIABILITIES:</b>		
Accounts payable	25,347	20,450
Leasing obligations, current portion	141	
Accounts payable to related companies	1,932	4,082
Sundry creditors	5,069	
Accruals and withholdings	22,605	27,193
Income tax payable		6,296
Deferred taxes	1,243	1,516
Total current liabilities	<u>56,337</u>	<u>59,537</u>
<b>LONG-TERM LIABILITIES:</b>		
Leasing obligations	253	
Sundry creditors	9,294	
Accruals	8,883	8,874
Deferred taxes	58,248	34,319
Total long-term liabilities	<u>76,678</u>	<u>43,193</u>
<b>SHAREHOLDERS' EQUITY:</b>		
Paid-in capital	90,995	90,995
Retained earnings	758,973	740,650
Net income for the period	22,615	97,925
Total shareholders' equity	<u>872,583</u>	<u>929,570</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<u><u>1,005,598</u></u>	<u><u>1,032,300</u></u>

# MINERA EL TESORO

## NOTES TO THE FINANCIAL STATEMENTS

(In thousand of US dollars - ThUS\$)

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### 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 June 16, 2005, and the relevant regulations issued by the Superintendence of Securities and Insurance (“SVS”) through its Exempt Resolutions N°549 of September 23, 2005 and N° 39 of February 3, 2006, the Company shall deliver its Audited Quarterly and 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. Basis of presentation** - The financial statements at March 31, 2009 and 2008 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 March 31, 2009 and 2008.

**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 \$583.26 per US\$1 in 2009 (\$437.71 per US\$1 in 2008).

**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 11).

**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.

### 3. TIME DEPOSITS

This item includes time deposits as follows:

#### Time deposits

	<b>Currency</b>	<b>2009</b> ThUS\$	<b>2008</b> ThUS\$
Time deposits overseas	US\$	35,960	33,204
Local financial investments	Ch\$	77,073	
	US\$	<u>62,003</u>	<u>891</u>
Total time deposits		<u><u>175,036</u></u>	<u><u>34,095</u></u>

### 4. MARKETABLE SECURITIES

The detail of investments in marketable securities is as follows:

	<b>2009</b> ThUS\$	<b>2008</b> ThUS\$
Asset manager Deutsche		263,588
Asset manager Blackrock		<u>262,510</u>
Total	<u><u>-</u></u>	<u><u>526,098</u></u>

## 5. TRADE DEBTORS

The split of this balance by geographical destination is as follows:

	<b>2009</b>	<b>2008</b>
	ThUS\$	ThUS\$
<b>Foreign clients:</b>		
Europe	8,249	55,406
Latin America	5,216	12,963
Asia Pacific	7,574	18,051
North America	<u>2,207</u>	<u>4,662</u>
Total foreign clients	<u>23,246</u>	<u>91,082</u>
<b>Domestic clients:</b>	<u>5,743</u>	<u>3,491</u>
Total	<u><u>28,989</u></u>	<u><u>94,573</u></u>

## 6. INVENTORIES

Inventories of the Company are as follows:

	<b>2009</b>	<b>2008</b>
	ThUS\$	ThUS\$
Finished products	6,689	7,899
Products in process	20,135	22,506
Materials, raw materials and parts	<u>12,759</u>	<u>19,328</u>
Total	<u><u>39,583</u></u>	<u><u>49,733</u></u>

## 7. FIXED ASSETS

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

	<b>2009</b> ThUS\$	<b>2008</b> ThUS\$
<b>Land</b>	<u>301</u>	<u>301</u>
<b>Mining properties</b>	<u>241,529</u>	<u>46,529</u>
<b>Construction and infrastructure:</b>		
Facilities	102,158	89,360
Buildings and construction	28,737	27,860
Infrastructure	<u>33,751</u>	<u>33,577</u>
Total buildings and infrastructure	<u>164,646</u>	<u>150,797</u>
<b>Machinery and equipment:</b>		
Machinery and equipment	55,714	55,582
Mobile equipment	84,264	82,693
Minor equipment	4,595	4,325
Auxiliary equipment	<u>5,484</u>	<u>878</u>
Total machinery and equipment	<u>150,057</u>	<u>143,478</u>
<b>Other fixed assets:</b>		
Equipment	10,294	10,147
Computer equipment, software and hardware	908	892
Furniture	87	60
Leased assets	457	
Construction in progress	2,238	617
Ongoing projects (a)	141,244	30,600
Preoperating expenses	<u>10,879</u>	<u>10,879</u>
Total other fixed assets	<u>166,107</u>	<u>53,195</u>
Total fixed assets, gross	<u>722,640</u>	<u>394,300</u>
<b>Total accumulated depreciation</b>	<u>(138,396)</u>	<u>(114,989)</u>
Total fixed assets, net	<u><u>584,244</u></u>	<u><u>279,311</u></u>

(a) The projects in progress mainly include the new open pit Tesoro Norte and ROM piles that start production at the beginning of the second semester of 2009.

## 8. MINE DEVELOPMENT COSTS - NET

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

	<b>2009</b> ThUS\$	<b>2008</b> ThUS\$
<b>Mine development costs:</b>		
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>(85,390)</u>	<u>(72,826)</u>
Total mine development costs, net	<u><u>16,770</u></u>	<u><u>29,334</u></u>

## 9. ACCRUALS AND WITHHOLDINGS

This detail of this item is as follows:

	<b>2009</b> ThUS\$	<b>2008</b> ThUS\$
<b>Short-term:</b>		
Operations	18,819	26,003
Freight, insurance, export commissions	<u>855</u>	<u>860</u>
Subtotal accruals	19,674	26,863
Withholdings	<u>2,931</u>	<u>330</u>
Total short-term	<u><u>22,605</u></u>	<u><u>27,193</u></u>
<b>Long-term:</b>		
Severance indemnity	5,422	5,703
Mine closure	<u>3,461</u>	<u>3,171</u>
Total long-term	<u><u>8,883</u></u>	<u><u>8,874</u></u>

## 10. INCOME TAX AND DEFERRED TAXES

The balance of recoverable taxes is as follows:

	<b>2009</b>	<b>2008</b>
	ThUS\$	ThUS\$
<b>Current assets:</b>		
VAT Credit (net)	6,142	6,251
Other monthly refundable credits	625	1,061
Monthly provisional payments (net)	<u>23,847</u>	<u>          </u>
Total short-term	<u><u>30,614</u></u>	<u><u>7,312</u></u>
<b>Other assets:</b>		
Additional tax for technical advisory services	906	1,157
Long-term tax credits	<u>816</u>	<u>592</u>
Total long-term	<u><u>1,722</u></u>	<u><u>1,749</u></u>

Short-term recoverable taxes include the provisional monthly payment balance, net of first category tax and specific mining tax.

The long-term tax recoverable is included in others under other long-term assets.

### a. Income tax and deferred taxes

The provision for first category income tax at March 31, 2009, is calculated based on net taxable income of ThUS\$10,741 (ThUS\$169,336 in 2008), determined in agreement with the Income Law. The Company provided for mining specific tax provision, calculated on the basis of operating taxable income of ThUS\$22,075 (ThUS\$173,938 in 2008).

In 2009, 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.

	<b>2009</b>	<b>2008</b>
	ThUS\$	ThUS\$
Income tax provision for the period	34,236	97,759
Specific mining tax provision	12,404	13,921
Monthly provisional payments - First category tax	(33,220)	(83,201)
Monthly provisional payments - Specific mining tax	(12,404)	(21,758)
Other credits	<u>(1,016)</u>	<u>(425)</u>
Total income tax payable	<u><u>-</u></u>	<u><u>6,296</u></u>

## b. Deferred taxes

At March 31, 2009 and 2008, the detail of accumulated balances of assets and liabilities from deferred taxes is as follows:

	2009				2008			
	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\$
<b>Temporary differences</b>								
Vacation accrual	229				178			
Bonus accrual	84				70			
Severance indemnity		544				590		
Accrual for mine closure, net		467				402		
Finance leases		5						
Accruals and others	30	67	856		150	369	260	
Indirect manufacturing costs			524				1,453	
Fixed assets				28,274				25,143
Preoperating expenses MET				30,616				10,442
Specific mining tax			206	441			201	95
Balance at March 31	<u>343</u>	<u>1,083</u>	<u>1,586</u>	<u>59,331</u>	<u>398</u>	<u>1,361</u>	<u>1,914</u>	<u>35,680</u>

The net balances of short-term deferred taxes of ThUS\$1,722 (ThUS\$2,312 in 2008), and long-term deferred taxes for ThUS\$60,104 (ThUS\$37,041 in 2008), 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:

	2009 ThUS\$	2008 ThUS\$
<b>Current tax expense:</b>		
Income tax	(1,826)	28,787
Specific mining tax	883	6,957
Exchange differences		(12,186)
<b>Deferred taxes:</b>		
Changes in deferred taxes	<u>6,710</u>	<u>1,415</u>
Total	<u>5,767</u>	<u>24,973</u>

## 11. COPPER PRICE FUTURES CONTRACTS

### a. Copper Price futures contracts

In 2008, various contracts for future COMEX price base sales and future LME price base purchases were entered into for 6,000 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.

#### Outstanding operations at March 31, 2009:

Product	Institution	Date		Quantity MT	Price of the transaction	
		Subscription	Maturity		Sale of Futures Comex US\$/Ton	Purchase of Futures LME US\$/Ton
<b>2009</b>						
Copper	Calyon	06-19-2008	02-02-2010	2,500	8,003	7,966
Copper	Calyon	06-26-2008	02-02-2010	<u>2,500</u>	8,157	8,117
				<u>5,000</u>		

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

**b. Options**

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

**Open operations at March 31, 2009**

Product	Institution	Date		Remaining Quantity MT	Options	
		Suspcription	Annual Maturity		Put US\$/Ton	Call US\$/Ton
<b>2009:</b>						
Copper	J. Aron & Co.	04-11-2007	12-31-2009	2,700	4,850	8,310
Copper	JP Morgan	04-12-2007	12-31-2009	2,700	4,850	8,270
Copper	BNP Paribas	04-05-2007	12-31-2009	5,400	4,630	8,270
Copper	J. Aron & Co.	04-17-2007	12-31-2009	2,700	4,850	8,735
Copper	J. Aron & Co.	04-17-2007	12-31-2009	2,700	5,295	7,940
Copper	JP Morgan	04-23-2007	12-31-2009	2,250	5,295	7,950
Copper	Triland Metals	05-02-2007	12-31-2009	2,250	5,295	8,245
Copper	Morgan	02-24-2009	12-31-2009	4,000	2,866	3,968
Copper	Calyon	02-25-2009	12-31-2009	4,000	2,868	3,999
Copper	Calyon	02-25-2009	12-31-2009	4,000	2,868	4,105
Copper	Standard Bank	03-04-2009	12-31-2009	4,000	3,090	4,200
				<u>36,700</u>		

During January 2009, the Company entered into new contracts in order to hedge 7,850 tons in 2009, starting in February.

Operations:

Product	Institution	Date		Remaining quantity MT	Fixed price US\$/Ton
		Suspcription	Annual Maturity		
<b>2009:</b>					
Cobre	JP Morgan	01-09-2009	04-30-2009	1,000	3,310
Cobre	BNP	01-13-2009	04-30-2009	800	3,315
Cobre	Calyon	01-15-2009	04-30-2009	650	3,315
				<u>2,450</u>	

## 12. SHAREHOLDERS' EQUITY

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

	<b>Paid-in capital</b> ThUS\$	<b>Retained earnings</b> ThUS\$	<b>Net income for the period</b> ThUS\$	<b>Total shareholders' equity</b> ThUS\$
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			97,925	97,925
Balance at March 31, 2008	<u>90,995</u>	<u>740,650</u>	<u>97,925</u>	<u>929,570</u>
Balance at January 1, 2009	90,995	511,677	247,296	849,968
Transfer of income		247,296	(247,296)	
Net income for the period			22,615	22,615
Balance at March 31, 2009	<u>90,995</u>	<u>758,973</u>	<u>22,615</u>	<u>872,583</u>

b. At March 31, 2009, the paid-in capital of the Company is represented by 90,995 no-par value shares. The equity ownership is as follows:

	<b>N° of shares</b>	<b>Ownership %</b>
Antofagasta Minerals S.A.	28,208	31
Compañía Contractual Minera Leonor	35,489	39
Sierra Gorda Mining Investment B V	<u>27,298</u>	<u>30</u>
Total	<u>90,995</u>	<u>100</u>

## 13. BALANCES AND TRANSACTIONS WITH RELATED COMPANIES

a. **Accounts receivable - short-term**

<b>Company</b>	<b>Relationship</b>	<b>2009</b> ThUS\$	<b>2008</b> ThUS\$
Antofagasta Minerals S.A.	Parent	26	71
Minera Esperanza	Indirect	209	17
Minera Michilla S.A.	Indirect	75	649
Minera los Pelambres	Indirect		26
Agua de Antofagasta S.A.	Indirect		6
Total		<u>310</u>	<u>769</u>

**b. Accounts receivable - long-term:**

<b>Company</b>	<b>Relationship</b>	<b>2009</b> ThUS\$	<b>2008</b> ThUS\$
Minera Esperanza	Indirect	<u>90,000</u>	<u>          </u>

**c. Accounts payable - short-term:**

<b>Company</b>	<b>Relationship</b>	<b>2009</b> ThUS\$	<b>2008</b> ThUS\$
Antofagasta Minerals S.A.	Parent	210	325
Minera Michilla S.A.	Indirect	95	1,974
Minera los Pelambres	Indirect	13	
Aguas de Antofagasta S.A.	Indirect	450	87
Transportes Integrados S.A.	Indirect		27
Antofagasta Railway Company Plc. (Agencia en Chile)	Indirect	<u>1,164</u>	<u>1,669</u>
<b>Total</b>		<u>1,932</u>	<u>4,082</u>

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

**d. Transactions with related parties**

Significant transactions with related parties during the three month periods ended March 31, 2009 and 2008, are the following:

<b>Company</b>	<b>Relationship</b>	<b>Transaction</b>	<b>2009</b>		<b>2008</b>	
			<b>Amount of the transaction</b> ThUS\$	<b>Effect on income charge (credit)</b> ThUS\$	<b>Amount of the transaction</b> ThUS\$	<b>Effect on income charge (credit)</b> ThUS\$
Antofagasta Minerals S.A.	Parent	Administrative services	388	326	783	658
		Reimbursement of expenses			4	
		AMSA project services	27	(23)	67	(56)
Compañía Contractural Minera Leonor	Shareholder	Royalties	1,334	1,334	2,552	2,552
Minera Michilla S.A.	Indirect	Purchase of supplies	375	315	1,653	1,389
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		Sale of supplies				
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Artikos	Indirect	Administrative services	7	6	14	12
Adriático	Indirect	Office rental			24	24
Madeco	Indirect	Supplies	14	12	25	21
Other related	Indirect	Sundry expenses	77	64	4	4

#### 14. OTHER INCOME AND EXPENSES

At March 31, the detail is as follows:

	<b>2009</b>	<b>2008</b>
	ThUS\$	ThUS\$
<b>Other income</b>		
Sales and extraordinary services	142	1,338
Indemnities received	<u>451</u>	<u>          </u>
Total	<u><u>593</u></u>	<u><u>1,338</u></u>
<b>Other expenses:</b>		
Cost of sales and extraordinary services		684
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Others	<u>2</u>	<u>          </u>
Total	<u><u>913</u></u>	<u><u>684</u></u>

#### 15. CONTINGENCIES, COMMITMENTS AND GUARANTEES

- a. The Company has deposits in guarantee for ThUS\$34 in favor of the Third Civil Court of Antofagasta. This court proceeding has ended, with the granting of definitive easements.
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- c. As part of its normal operating process, the Company entered into purchase contracts with suppliers to guarantee the supply of consumables.

#### 16. SUBSEQUENT EVENTS

Between April 1, 2009 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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