

MINERA EL TESORO
ANAUDITED FINANCIAL STATEMENTS
FOR THE FIRST HALF ENDED 30 JUNE 2009 AND 2008

(TRANSLATION FROM SPANISH VERSION TO BE
FILED WITH SUPERINTENDENCIA DE VALORES Y SEGUROS
DE CHILE 26TH AUGUST 2009)

MINERA EL TESORO

BALANCE SHEETS AT JUNE 30, 2009 AND 2008
(In thousands of US Dollars - ThUS\$)

ASSETS	2009 ThUS\$	2008 ThUS\$
CURRENT ASSETS:		
Cash at banks and in hand	2,278	295
Time deposits	183,854	143,171
Marketable securities		439,523
Trade debtors, net	45,118	54,972
Sundry debtors	5,020	2,004
Accounts receivable from related companies	31,126	158
Inventories	88,380	52,326
Recoverable taxes	23,198	6,240
Prepaid expenses	1,892	636
Other current assets	36	35
Total current assets, net	<u>380,902</u>	<u>699,360</u>
FIXED ASSETS:		
Land	301	301
Mining properties	241,529	46,529
Construction and infrastructure	164,516	152,283
Machinery and equipment	151,481	144,799
Other fixed assets, net	94,329	80,981
Subtotal	652,156	424,893
Less: Accumulated depreciation and amortization	<u>(179,198)</u>	<u>(150,896)</u>
Total fixed assets, net	<u>472,958</u>	<u>273,997</u>
OTHER ASSETS:		
Accounts receivable from related company	41,409	90,000
Mine development costs - net	122,566	58,113
Others	5,188	4,336
Total other assets	<u>169,163</u>	<u>152,449</u>
TOTAL ASSETS	<u><u>1,023,023</u></u>	<u><u>1,125,806</u></u>

The accompanying notes are an integral part of these financial statements

LIABILITIES AND SHAREHOLDERS' EQUITY	2009 ThUS\$	2008 ThUS\$
CURRENT LIABILITIES:		
Accounts payable	14,345	22,277
Leasing obligations, current portion	146	
Accounts payable to related companies	3,177	1,593
Accruals and withholdings	24,881	28,473
Income tax payable		10,777
Deferred taxes	5,869	977
Total current liabilities	<u>48,418</u>	<u>64,097</u>
LONG-TERM LIABILITIES:		
Leasing obligations	216	
Accruals	16,745	8,704
Deferred taxes	59,416	35,082
Total long-term liabilities	<u>76,377</u>	<u>43,786</u>
SHAREHOLDERS' EQUITY:		
Paid-in capital	90,995	90,995
Retained earnings	758,973	740,650
Net income for the period	48,260	186,278
Total shareholders' equity	<u>898,228</u>	<u>1,017,923</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u><u>1,023,023</u></u>	<u><u>1,125,806</u></u>

MINERA EL TESORO

STATEMENTS OF INCOME FOR THE SIX MONTH PERIODS ENDED JUNE 30, 2009 AND 2008 (In thousands of US Dollars - ThUS\$)

	2009 ThUS\$	2008 ThUS\$
REVENUES	185,250	384,253
COST OF SALES	<u>(119,803)</u>	<u>(137,868)</u>
GROSS MARGIN	65,447	246,385
ADMINISTRATIVE AND SELLING EXPENSES	<u>(16,985)</u>	<u>(17,743)</u>
OPERATING INCOME	<u>48,462</u>	<u>228,642</u>
OTHER INCOME (EXPENSES):		
Financial income	2,191	9,877
Other income	710	858
Financial expenses	(322)	(733)
Other expenses	(1,236)	(2,907)
Exchange differences	<u>14,234</u>	<u>(3,337)</u>
Other income - net	<u>15,577</u>	<u>3,758</u>
INCOME BEFORE INCOME TAX	64,039	232,400
INCOME TAX	<u>(15,779)</u>	<u>(46,122)</u>
NET INCOME FOR THE PERIOD	<u><u>48,260</u></u>	<u><u>186,278</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, 2009 AND 2008 (In thousands of US Dollars - ThUS\$)

	2009	2008
	ThUS\$	ThUS\$
CASH FLOW FROM OPERATING ACTIVITIES:		
Net income for the period	48,260	186,278
Charges (credits) to income which do not represent cash flows:		
Depreciation and amortization	24,140	16,079
Deferred taxes	12,503	1,639
Exchange differences	(14,234)	3,337
Project write-offs		1,255
Fixed assets write - off	879	1,871
(Increase) decrease in assets operations:		
Trade debtors	(15,775)	622
Sundry debtors and others	8,933	8,144
Inventories	(34,189)	(15,345)
Recoverable taxes	631	(1,989)
Other assets	7,899	(17,050)
Increase (decrease) in liabilities operations:		
Accounts payable	(4,991)	17,365
Accounts payable to related companies - net	24,129	(90,269)
Income tax payable		(3,334)
Other liabilities	2,721	7,118
Net cash provided by operating activities	<u>60,906</u>	<u>115,721</u>
CASH FLOW FROM INVESTMENT ACTIVITIES:		
Purchase of fixed asset - net	<u>(46,355)</u>	<u>(52,974)</u>
CASH FLOW FROM FINANCING ACTIVITIES:		
Payment senior debt		<u>(14,000)</u>
NET POSITIVE CASH FLOW FOR THE PERIOD	14,551	48,747
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>171,581</u>	<u>534,252</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>186,132</u>	<u>582,999</u>
COMPLEMENTARY INFORMATION		
Decommissioning cost of fixed assets (Note 3)	ThUS\$	
	7,271	

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 AND NATURE OF THE COMPANY'S OPERATIONS

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 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 have been prepared in accordance with accounting principles generally accepted in Chile and correspond to the periods between January 1 and June 30, 2009 and 2008.

b. 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 \$531.76 per US\$1 in 2009 (\$526.05 per US\$1 in 2008).

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

d. 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.

e. 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.

f. 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.

g. 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.

h. 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.

i. 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 Bulletin N°60 and its complements of the Chilean Institute of Accountants.

j. Derivative contracts - The Company has entered into copper forward contracts based on the COMEX price and forward contracts based on the LME price 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).

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

l. 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%.

m. 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.

n. 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.

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

p. Reclassifications - For comparative purposes, certain reclassifications have been made in to the financial statements at June 30, 2008.

3. CHANGES IN THE ACCOUNTING ESTIMATE

Based on a new study of closure costs, in 2009 the Company updated the provision made for that purpose. This change implied an increase in the provision, which is divided into two concepts - Decommissioning of the fixed assets, which generated recognition of an asset of ThUS\$7,271, which is stated in Other Fixed Assets and will be depreciated using the straight line method up to December 31, 2019, and the environmental restoration or remediation cost, which is considered an administrative expense in the period in which it is incurred or accrued and, at June 30, 2009, represents a value of ThUS\$362 (Note 10).

The closure study implied a change in the discount rate used to value the provision, which dropped from 6.5% to 2.74% (average TIPS rate over the last 12.5 years). This generated an increase of ThUS\$19 in financial costs at June 30, 2009.

4. TIME DEPOSITS

This item includes time deposits as follows:

Time deposits

	Currency	2009	2008
		ThUS\$	ThUS\$
Time deposits overseas	US\$	30,000	13,120
Local financial investments	Ch\$	17,546	96,214
	US\$	<u>136,308</u>	<u>33,837</u>
Total time deposits		<u><u>183,854</u></u>	<u><u>143,171</u></u>

5. MARKETABLE SECURITIES

The detail of investments in marketable securities is as follows:

	2008 ThUS\$
Asset manager Deutsche	220,264
Asset manager Blackrock	<u>219,259</u>
Total	<u><u>439,523</u></u>

6. TRADE DEBTORS, NET

The split of this balance by geographical destination is follows:

	2009 ThUS\$	2008 ThUS\$
Foreign clients:		
Europe	14,835	28,800
Latin America	11,376	12,466
Asia Pacific	12,461	7,697
North America	<u>2,731</u>	<u>3,704</u>
Total foreign clients	<u>41,403</u>	<u>52,667</u>
Domestic clients:	<u>3,715</u>	<u>2,305</u>
Total	<u><u>45,118</u></u>	<u><u>54,972</u></u>

7. INVENTORIES

Inventories of the Company are as follows:

	2009 ThUS\$	2008 ThUS\$
Finished products	5,965	12,692
Products in process	69,976	22,465
Materials, raw materials and parts	<u>12,439</u>	<u>17,169</u>
Total	<u><u>88,380</u></u>	<u><u>52,326</u></u>

8. FIXED ASSETS

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

	2009 ThUS\$	2008 ThUS\$
Land	<u>301</u>	<u>301</u>
Mining properties (a)	<u>241,529</u>	<u>46,529</u>
Construction and infrastructure:		
Facilities	102,234	89,969
Buildings and construction	28,531	28,737
Infrastructure	<u>33,751</u>	<u>33,577</u>
Total buildings and infrastructure	<u>164,516</u>	<u>152,283</u>
Machinery and equipment:		
Machinery and equipment	56,438	55,582
Mobile equipment	84,965	84,014
Minor equipment	4,594	4,325
Auxiliary equipment	<u>5,484</u>	<u>878</u>
Total machinery and equipment	<u>151,481</u>	<u>144,799</u>
Other fixed assets:		
Equipment	12,262	10,262
Computer equipment, software and hardware	908	892
Furniture	87	60
Leased assets	457	
Construction in progress	2,010	46
Ongoing projects (b)	59,299	57,311
Other fixed assets (c)	8,427	1,531
Preoperating expenses	<u>10,879</u>	<u>10,879</u>
Total other fixed assets	<u>94,329</u>	<u>80,981</u>
Total fixed assets, gross	<u>652,156</u>	<u>424,893</u>
Total accumulated depreciation	<u>(179,198)</u>	<u>(150,896)</u>
Total fixed assets, net	<u><u>472,958</u></u>	<u><u>273,997</u></u>

(a) During the second semester of 2008, the Company acquired mining properties from Antofagasta Minerals S.A., its parent, for ThUS\$195,000 for the development of a new open pit project, Tesoro Noreste.

(b) The projects in progress mainly include the ROM piles, whose extracted material comes from the related company, Minera Esperanza, that start production at the beginning of the second semester of 2009.

(c) Mainly this corresponds to the recognition of the decommissioning cost that arose as a result of the change in the accounting estimate for mine closure (Note 3).

9. MINE DEVELOPMENT COSTS - NET

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

	2009	2008
	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	7,560	7,560
Water Rights	5,510	
Trademarks, Patents	2,364	2,271
Pre-operational Expenses Tesoro Noreste	93,005	
	<u>203,039</u>	<u>104,431</u>
Total mine development costs, gross		
Accumulated amortization	<u>(80,473)</u>	<u>(46,318)</u>
Total mine development costs, net	<u><u>122,566</u></u>	<u><u>58,113</u></u>

10. ACCRUALS AND WITHHOLDINGS

This detail of this item is as follows:

	2009	2008
	ThUS\$	ThUS\$
Short-term:		
Operations	23,192	27,462
Freight, insurance, export commissions	805	666
	<u>23,997</u>	<u>28,128</u>
Subtotal accruals		
Withholdings	<u>884</u>	<u>345</u>
Total short-term	<u><u>24,881</u></u>	<u><u>28,473</u></u>
Long-term:		
Severance indemnity	6,274	5,462
Mine closure (Note 3)	10,471	3,242
	<u>16,745</u>	<u>8,704</u>
Total long-term	<u><u>16,745</u></u>	<u><u>8,704</u></u>

11. INCOME TAX AND DEFERRED TAXES

a. Income tax

At June 30, 2009 and 2008, the Company provided for first category income tax based on the net taxable income of ThUS\$5,100 (ThUS\$212,918 in 2008), 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\$34,575 (ThUS\$214,500 in 2008).

The income tax and specific mining tax provisions are classified, in 2009, as refundable taxes in current assets, and, in 2008, as income tax payable under current liabilities net of monthly provisional payments and other credits.

	2009	2008
	ThUS\$	ThUS\$
Income tax provision for the period	867	36,196
Specific mining tax provision	1,383	8,580
Monthly provisional payments - First category tax	(867)	(26,674)
Monthly estimated payments - Specific mining tax	(1,383)	(7,247)
Other credits		(78)
	<u> </u>	<u> </u>
Total income tax payable	<u> - </u>	<u> 10,777 </u>

The balance of recoverable taxes is as follows:

	2009	2008
	ThUS\$	ThUS\$
Current assets:		
VAT Credit (net)	5,017	5,514
Monthly Provisional payments (net)	9,275	
Others monthly and annual refundable credits	8,906	726
	<u> </u>	<u> </u>
Total short-term	<u> 23,198 </u>	<u> 6,240 </u>
Other assets:		
Additional tax for technical advisory services	994	1,005
Long-term tax credits	824	776
	<u> </u>	<u> </u>
Total long-term	<u> 1,818 </u>	<u> 1,781 </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.

b. Deferred taxes

The detail of accumulated balances at June 30, 2009 and 2008 of deferred tax assets and liabilities 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\$
Temporary differences								
Vacation accrual	262				267			
Bonus accrual	173				188			
Severance indemnity		595				491		
Accrual for mine closure, net		544				418		
Accruals and others	85	88			428	113	304	
Indirect manufacturing costs			5,297				1,453	
Fixed assets				28,503				25,975
Preoperating expenses				31,650				10,076
Specific mining tax			1,092	490			103	53
Balance at June, 30	520	1,227	6,389	60,643	883	1,022	1,860	36,104

The net balances of short-term deferred taxes of ThUS\$5,869 (ThUS\$977 in 2008), and long-term deferred taxes of ThUS\$59,416 (ThUS\$35,082 in 2008), are presented in current liabilities and long-term liabilities, respectively.

c. Income tax

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

	2009	2008
	ThUS\$	ThUS\$
Current tax expense:		
Income tax	867	36,196
Surplus (deficit) provision for prior year income tax	594	(220)
Specific mining tax	1,383	8,580
Surplus (deficit) provision for prior year specific mining tax	432	(73)
Deferred taxes:		
Changes in deferred taxes	12,503	1,639
Total	15,779	46,122

12. COPPER PRICE FUTURES CONTRACTS

a. Copper price futures contracts

In 2008, forward sale contracts based on the COMEX price and forward purchase contracts based on the LME price were signed for 6,000 tons. The above tonnage corresponds to the contract of sale with the Southwire client in the United States. Its price is referenced to the COMEX price, and, through this arbitration, the Company references it to the LME price.

Open operations at June 30, 2009:

At June 30, 2009, the Company maintains two forward price contracts (COMEX / LME arbitration) for 3,500MT, expiring in January, 2010, with an average fixed COMEX price of US\$8,080, and an average fixed LME price of US\$8,041, per ton of fine copper.

b. Options

In April, 2007, the Company entered into min-max options to hedge 27,600 tons in 2009 based on the LME price. Also in February and March, 2009, the Company entered into new contracts to hedge 16,000 tons for 2009, starting from May, 2009.

Open operations at June 30, 2009:

At June 30, 2009, the Company holds Min-Max options for 25,800MT, expiring in December, 2009. These options have an average floor price of US\$4,005 and an average ceiling price of US\$ 6,307 per ton of fine copper.

c. The result of operations performed during the period:

Operations	2009 MUS\$	2008 MUS\$
Mix-Max Options	6,192	(362)
COMEX / LME Arbitration	<u>(31)</u>	<u>170</u>
Operating income (loss)	<u><u>6,161</u></u>	<u><u>(192)</u></u>

The result of these operations is presented under operating income in the income statement.

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, 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>
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			48,260	48,260
Balance at June 30, 2009	<u>90,995</u>	<u>758,973</u>	<u>48,260</u>	<u>898,228</u>

b. At June 30, 2009, the paid-in capital of the Company is represented by 90,995 no-par value shares. The equity ownership is as follows:

	N° of shares	Ownership %
Antofagasta Minerals S.A.	28,209	31
Sierra Gorda Mining Investment BV	27,298	30
Compañía Contractual Minera Leonor	<u>35,488</u>	<u>39</u>
Total	<u>90,995</u>	<u>100</u>

On August 20, 2008, Antofagasta Minerals S.A. sold 27.298 shares to Sierra Gorda Mining Investment BV.

14. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

a. Accounts receivable - Short-term

Company	Relationship	2009 ThUS\$	2008 ThUS\$
Antofagasta Minerals S.A.	Parent	97	1
Minera Esperanza	Indirect	31,029	144
Minera los Pelambres	Indirect		13
Total		<u>31,126</u>	<u>158</u>

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

b. Accounts receivable - long-term:

Company	Relationship	2009 ThUS\$	2008 ThUS\$
Minera Esperanza	Indirect	<u>41,409</u>	<u>90,000</u>

On April 21, 2008, Minera Esperanza and Minera El Tesoro signed a mineral sale purchase agreement. The object of this contract is the sale of oxide ore obtained by Minera Esperanza as a result of its prestripping process. Minera El Tesoro paid ThUS\$90,000 as an advance payment for the sale of the ore, which should start in April 2009.

c. Accounts payable - Short-term:

Company	Relationship	2009 ThUS\$	2008 ThUS\$
Antofagasta Minerals S.A.	Parent	21	19
Minera Michilla S.A.	Indirect	1,256	467
Minera Esperanza	Indirect	393	
Minera Los Pelambres	Indirect	14	16
Aguas de Antofagasta S.A.	Indirect	442	73
Antofagasta Railway Company Plc. (Agencia en Chile)	Indirect	<u>1,051</u>	<u>1,018</u>
Total		<u>3,177</u>	<u>1,593</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 six months ended in 2009 and 2008 are the following:

Company	Relationship	Transaction	2009		2008	
			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	856	719	1,484	1,247
		Reimbursement of expenses			10	
		AMSA project services	144	(121)	98	(41)
Compañía Contractural Minera Leonor	Shareholder	Royalties	1,334	1,334	6,937	6,937
Minera Michilla S.A.	Indirect	Purchase of supplies	1,578		2,275	
		Sale of supplies	2,971		92	
		Lease of terminal	491	413	387	325
Minera Esperanza	Indirect	Sundry services	671	(564)	(560)	(235)
		Advance of minerals			90,000	
			21,125	17,752		
Minera Los Pelambres	Indirect	Outsourcing services	80	67	104	87
		Sale of supplies			32	(29)
Antofagasta Railway Company Plc. (Agencia en Chile)	Indirect	Transportation	6,027	5,065	7,399	6,218
Aguas de Antofagasta S.A.	Indirect	Water	4,069	3,419	485	408
Entel S.A.	Indirect	Telecommunication services	69	58	2	2
Banco de Chile	Indirect	Bank expenses	30	25	36	30
		Loans			35,131	(140)
Artikos	Indirect	Administrative services	15	13	19	16
Adriático	Indirect	Office rental			49	49
Madeco Brass Mill	Indirect	Supplies	14	12	44	37

15. OTHER INCOME AND EXPENSES

At June 30, the detail is as follows:

	2009	2008
	ThUS\$	ThUS\$
Other income:		
Sale of supplies	259	722
Indemnities received	<u>451</u>	<u>136</u>
Total	<u><u>710</u></u>	<u><u>858</u></u>
Other expenses:		
Provision for obsolescence of materials		1,652
Housing Loan write-off	77	
Write-off damaged fixed assets	879	
Donations	278	
Project write - off		1,255
Others	<u>2</u>	
Total	<u><u>1,236</u></u>	<u><u>2,907</u></u>

16. CONTINGENCIES, COMMITMENTS AND GUARANTEES

- a. The Company has deposits in guarantee for ThUS\$36 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. The Company has not made a provision for this concept, because its advisors consider that there is only a remote probability of loss.
- c. As part of its normal operating process, the Company entered into purchase contracts with suppliers to guarantee the supply of consumables.
- d. On April 29, 2008, the Company jointly with other companies of the mining sector entered into an electric generation supporting contract with Gas Atacama Generación S.A. in the Norte Grande Interconnected System, in force from March 1, 2008, to December 31, 2011. The expense will accrue based on the participating companies' consumption, with Minera El Tesoro being responsible for covering an amount not exceeding US\$17.8 million over the whole period.
- e. On May 14, 2009, the Board of Directors of the Company approved a subordinated loan of ThUS\$100,000 to the related company Minera Esperanza, in order to finance part of the Esperanza project (Note 17).

17. SUBSEQUENT EVENTS

- a. On July 7, 2009, the Company issued part of the subordinated loan to the related company Minera Esperanza for ThUS\$ 80,000 of a total of ThUS\$100,000 (Note 16e).
- b. On August 17, 2009, the Company issued ThUS\$20,000 to the related company Minera Esperanza, thereby completing the promised subordinated loan (Note 16e).

These loans are covenanted in US dollars, are long-term and accrue an annual interest rate of 180 day Libor plus a 3.50% spread.

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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