

MINERA ESPERANZA
UNAUDITED FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2009 AND 2008

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

MINERA ESPERANZA

BALANCE SHEETS AT SEPTEMBER 30, 2009 AND 2008

(In thousand of United States dollars - ThUS\$)

ASSETS	2009 ThUS\$	2008 ThUS\$
CURRENT ASSETS:		
Cash at banks and in hand	150	21
Time deposits	134,670	109,302
Money market funds	49,278	71,559
Sundry debtors	44,621	93,805
Account receivable from related company	535	
Inventories	1,210	1,130
Refundable taxes	47,524	44,534
Deferred taxes	666	
Other assets		35,719
Total current assets	<u>278,654</u>	<u>356,070</u>
FIXED ASSETS:		
Mining properties	256,952	256,952
Constructions and infraestructure	26,885	
Machinery and equipment	135,598	63,527
Other fixed assets	699,171	102,052
Subtotal	1,118,606	422,531
Accumulated depreciation and amortization	<u>(24,166)</u>	<u>(3,371)</u>
Total fixed assets - net	<u>1,094,440</u>	<u>419,160</u>
OTHER ASSETS:		
Pre-operating costs	213,083	103,828
Deferred taxes		5,546
Other assets	37,560	
Total other assets	<u>250,643</u>	<u>109,374</u>
TOTAL ASSETS	<u><u>1,623,737</u></u>	<u><u>884,604</u></u>

The accompanying notes are an integral part of these financial statements

LIABILITIES AND SHAREHOLDERS' EQUITY	2009 ThUS\$	2008 ThUS\$
CURRENT LIABILITIES:		
Short-term bank obligations - senior debt	3,122	
Accounts payable	75,107	14,660
Sundry creditors	2,645	548
Accounts payable to related companies	33,439	358,930
Accruals	3,920	1,982
Withholdings	797	1,603
	<u>119,030</u>	<u>377,723</u>
LONG-TERM LIABILITIES:		
Bank obligations - senior debt	540,400	
Obligations with sponsors - subordinated debt	146,186	
Sundry creditors	10,252	4,338
Account payable to related company	34,346	
Accruals	52,362	
Deferred taxes	26,618	
	<u>810,164</u>	<u>4,338</u>
SHAREHOLDERS' EQUITY:		
Paid-in capital	718,787	526,787
Other reserves	(24,244)	(24,244)
	<u>694,543</u>	<u>502,543</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u><u>1,623,737</u></u>	<u><u>884,604</u></u>

MINERA ESPERANZA

STATEMENTS OF CASH FLOWS

FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2009 AND 2008

(In thousand of United States dollars - ThUS\$)

	2009	2008
	ThUS\$	ThUS\$
NET CASH PROVIDED BY PRE - OPERATING ACTIVITIES:		
Net income for the period	-	-
(Increase) decrease in current assets:		
Sundry debtors and other	4,438	(54,938)
Inventories	7,328	(1,130)
Refundable taxes	33,067	(38,139)
Other assets	4,304	(36,804)
Increase (decrease) in current liabilities:		
Accounts payable	33,379	17,011
Accounts payable to related companies	(22,789)	
Accruals, withholding and others	5,516	4,378
Deferred taxes	17,630	
Net cash provided (used in) by pre-operating activities	<u>82,873</u>	<u>(109,622)</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Additions to fixed assets	(416,390)	(411,536)
Sale of fixed assets		35
Pre-operating costs	<u>(57,171)</u>	<u>(63,983)</u>
Net cash used in investing activities	<u>(473,561)</u>	<u>(475,484)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Capital contribution		426,136
Loans obtained	685,400	
Loans payment	(346,158)	
Interest payment on senior debt	(3,203)	
Up-front fee payment and other financing costs	(34,013)	
Accounts payable to related companies		<u>339,832</u>
Net cash provided by financing activities	<u>302,026</u>	<u>765,968</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(88,662)	180,862
CASH AND CASH EQUIVALENT AT BEGINNING OF PERIOD	<u>272,760</u>	<u>20</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u><u>184,098</u></u>	<u><u>180,882</u></u>
	ThUS\$	ThUS\$
SUPPLEMENTAL INFORMATION:		
Decommissioning cost of fixed assets (Note 3)	49,656	
Committed cash flows for executing the project	532,624	608,900
Committed cash flows from interest and senior debt expenses	3,122	

The accompanying notes are an integral part of these financial statements

MINERA ESPERANZA

NOTES TO THE FINANCIAL STATEMENTS

(In thousand of US dollars - ThUS\$)

1. INCORPORATION AND COMPANY PURPOSE

The Company was incorporated on December 20, 2006, and is a contract mining company. Its corporate purpose is the exploration, development and exploitation of mining properties including all phases of the mining industry.

The Company is in a pre-operational stage and all its resources are used to develop the "Esperanza" mining project, likewise, all the costs and expenses for the year are being capitalized as pre-operating costs. Consequently, no Statement of Income is presented for the nine month period ended September 30, 2009 and 2008.

The Company's management estimates that commercial exploitation will begin during the second half of 2010.

In agreement with applicable regulations issued by the Superintendencia de Valores y Seguros (SVS) through Exempt Resolution N°549 dated September 23, 2005 and N°39 dated February 3, 2006, the Company shall deliver of the SVS its quarterly, and annual audited financial statements and an annual report as established by the aforementioned resolutions, as it is a recipient of Foreign Investment aimed at the development of mining projects, according to foreign investment contracts signed by our shareholders ESP Investment BV. and Los Pelambres Investment Company Limited, pursuant to Article 11 ter of Decree Law 600 of 1974.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of presentation - The financial statements at September 30, 2009 and 2008 have been prepared in accordance with accounting principles generally accepted in Chile.

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

Transactions denominated in Chilean peso have been translated into United States dollars using the exchange rate reported by Chilean Central Bank on the date of the transaction. At period end, asset and liability balances for accounts recorded in Chilean pesos have been translated into United States dollars using the closing exchange rate published by the Chilean Central Bank of Ch\$550.36 for US\$1 in 2009 (\$551.38 for US\$1 in 2008).

The effects of exchange differences are recorded in pre-operating costs of the Company.

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

d. Money market funds - These include investments in fixed income mutual funds, which are valued at their respective value of the installment at each period end.

e. Inventories - Inventories are valued at weighted average acquisition cost.

The cost of inventories does not exceed their net realizable value.

Stockpile mineral that correspond to low grade oxides are valued at the lower of monthly extraction average cost and recoverable value.

f. Fixed assets - Fixed assets are presented at acquisition cost or book value at their date of contribution. Depreciation has been calculated by using the straight-line method, according to the estimated life of the mine or the useful lives of the assets, whichever is lower.

Mining properties are presented at their book value at the date of contribution.

Assets acquired under financial leases are not legally owned by the Company, and therefore it cannot freely dispose of them until it exercises the respective purchase option.

g. Capitalizable interest - The Company capitalizes interest associated to financing, recording them within Fixed assets as Other assets. These expenses are amortized under the straight line method over the useful life of the minesite.

h. Pre-operating costs - These assets are presented at their book value at the date of contribution and include items such as consulting costs, exploratory drilling, research and engineering, which will be amortized based on the future extraction of proven and probable mining reserves, once the Company begins operating.

i. Vacation - The annual cost of employee vacation is recognized as part of pre-operational costs in the financial statements on an accrual basis.

j. Income tax and deferred taxes - The Company records income tax on the basis of net taxable income determined in agreement with regulations established in the Income Law. Deferred taxes from temporary differences originated from those items that have a different treatment for tax and financial effects are determined and recorded in agreement with Technical Bulletin N°60 and complements of the Chilean Institute of Accountants.

k. Financing costs - The Company capitalizes Financing costs, recording them as deferred assets, which are amortized in terms of principal debt amortization.

l. Severance indemnity - The Company records severance indemnity at its net present value.

m. Mine closure provision - The Company records mine closure cost and abandonment of installations at net present value pursuant to the Company's policies and legal environment obligations with government offices. Such accruals are recorded in long-term liabilities under the "Accruals" item.

n. Statement of cash flows - The Company has defined as cash and cash equivalent, all easily realizable financial investments with 90 day maturities or less, including time deposits and money market funds.

o. Reclassifications - For comparative purposes, some items have been reclassified in the financial statements at September 30, 2008.

3. CHANGES IN THE ACCOUNTING ESTIMATE

Based on a study of closure costs, in 2009 the Company updated the mine closure provision made for that purpose. This change implied an increase in the provision, which is divided into two concepts: a) Decommissioning of the fixed assets, which is stated in Other Fixed Assets and will be depreciated using the straight line method over a useful life of 20 years or underlying assets and that at September 30 represents ThUS\$49,656, and b) Environmental restoration or remediation cost, which is considered an administrative expense in the period in which it is incurred or accrued and, at September 30, 2009, represents a value of ThUS\$16.

This new mine closure study also considered a change in the discount rate used for appraising the provision, which dropped from 6.5% to 2.74% (average TIPS rate over the last 12.5 years). At September 30, 2009, it represented an effect on finance costs of ThUS\$1,021.

4. TIME DEPOSITS

The detail of time deposits is as follows:

	Currency	2009 ThUS\$	2008 ThUS\$
Foreign time deposits	US\$	83,151	22,235
Local financial investments	ChS\$	<u>51,519</u>	<u>87,067</u>
Total		<u><u>134,670</u></u>	<u><u>109,302</u></u>

5. MONEY MARKET FUNDS

The detail of investments in money market funds is as follows:

	Currency	2009 ThUS\$	2008 ThUS\$
Local mutual funds	Ch\$	<u><u>49,278</u></u>	<u><u>71,559</u></u>

6. SUNDRY DEBTORS

The balance of sundry debtors is as follows:

	2009 ThUS\$	2008 ThUS\$
Advances to suppliers for equipment purchases	42,265	92,781
Advances and loans to employees	2,247	471
Other	<u>109</u>	<u>553</u>
Total	<u><u>44,621</u></u>	<u><u>93,805</u></u>

7. INVENTORIES

The detail is as follows:

	2009 ThUS\$	2008 ThUS\$
Materials	<u>1,210</u>	<u>1,130</u>
Total	<u><u>1,210</u></u>	<u><u>1,130</u></u>

8. INCOME TAX AND DEFERRED TAXES

a. Refundable Taxes

The detail of refundable taxes is as follows:

	2009 ThUS\$	2008 ThUS\$
VAT tax credit	24,205	44,229
Tax recoverable from absorption of tax losses	22,809	
Other credits	<u>510</u>	<u>305</u>
Total	<u><u>47,524</u></u>	<u><u>44,534</u></u>

- b. Income tax** - At September 30, 2009 and 2008 the Company did not record an income tax provision, as it did not generate tax results.

At September 30, 2009, the Company accrued tax losses for ThUS\$93,432 (ThUS\$81,105 in 2008).

c. Deferred taxes

The detail of deferred taxes is as follows:

	2009			2008
	Assets		Liabilities	Assets
	Short term	Long term	Long term	Long term
Temporary differences	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Employee benefits accrual	666			
Mine closure provision		544		
Pre-operational costs and expense and start-up amortization				4,722
Fixed assets depreciation		884		824
Leased assets, net			740	
Pre-operational costs			42,306	
Tax loss carry forward		15,000		
Total deferred taxes	666	16,428	43,046	5,546

At September 30, 2009, long-term deferred tax liabilities are presented net in long-term liabilities for ThUS\$26,618.

The effect of deferred taxes of the period of ThUS\$16,964 is presented as a increase in pre-operational costs.

9. FIXED ASSETS

At September 30, 2009, fixed assets are stated as indicated in Note 2f, and their detail is as follows:

	2009 ThUS\$	2008 ThUS\$
Mining properties	256,952	256,952
Constructions and infraestructure:		
Building and construction	26,885	
Machinery and equipment:		
Mobile equipment	134,700	63,330
Minor machinery and equipment	898	197
Total machinery and equipment	<u>135,598</u>	<u>63,527</u>
Other fixed assets:		
Projects in progress	624,508	96,540
Leased assets	19,933	5,078
Cost mine closure - decommissioning (Note 3)	49,656	
Capitalized interest	4,555	
Others	519	434
Total other fixed assets	<u>699,171</u>	<u>102,052</u>
Total fixed assets - gross	<u>1,118,606</u>	<u>422,531</u>
Accumulated depreciation	(23,988)	(3,346)
Accumulated amortization	(178)	(25)
Total accumulated depreciation	<u>(24,166)</u>	<u>(3,371)</u>
Total fixed assets - net	<u><u>1,094,440</u></u>	<u><u>419,160</u></u>

10. PRE-OPERATING COSTS

The detail is as follows:

	2009 ThUS\$	2008 ThUS\$
Primary implementation and construction	16,056	16,056
Feasibility engineering and early works	12,325	12,325
Plant project costs (i)	19,238	19,238
Mine project costs	69,919	26,996
Company constitution costs	62,763	14,015
Capitalized income	25,298	11,430
Financing costs	560	28
Others	6,924	3,740
	<u>213,083</u>	<u>103,828</u>
Total pre-operationg costs	<u>213,083</u>	<u>103,828</u>

- (i) Corresponds mainly to costs incurred in the Esperanza Project, which refer principally to advisories, services, and others. It also includes the costs associated to the principal contract with Aker Solutions for the design and construction of the main mining facilities.

11. BANK OBLIGATIONS - SENIOR DEBT

The balance is as follows:

Financial institutions	Interest rate	2009		2008	
		Short term ThUS\$	Long term ThUS\$	Short term ThUS\$	Long term ThUS\$
Japan Bank for International Cooperation - JBIC	LIBOR+1.375%	813	205,700		
Export Development Canada - EDC	LIBOR+2.75%	708	103,000		
KfW IPEX-Bank GmbH	LIBOR+2.75%	178	25,700		
Calyon New York (Agent)	LIBOR+2.75%	1,423	206,000		
		<u>3,122</u>	<u>540,400</u>	<u>-</u>	<u>-</u>
Total		<u>3,122</u>	<u>540,400</u>	<u>-</u>	<u>-</u>

12. OBLIGATIONS WITH SPONSORS – SUBORDINATED DEBT

The balance is as follows:

Institution	Interest rate	2009		2008	
		Short term ThUS\$	Long term ThUS\$	Short term ThUS\$	Long term ThUS\$
Antofagasta Minerals	LIBOR+3,75%		31,676		
Minera El Tesoro	LIBOR+3,75%		100,934		
Marubeni Corporation	LIBOR+3,75%		13,576		
Total		-	146,186	-	-

The amounts indicated above include accrued interests at September 30, 2009.

13. BALANCES AND TRANSACTIONS WITH RELATED COMPANIES

a. Account receivable - short-term:

Company	Type of relationship	2009 ThUS\$	2008 ThUS\$
Minera El Tesoro	Common shareholders	535	
Total		535	-

b. Accounts payable - short-term:

Company	Type of relationship	2009 ThUS\$	2008 ThUS\$
Antofagasta Minerals S.A.	Parent company	559	2,333
Inmobiliaria Punta de Rieles Ltda. (i)	Indirect	-	266,288
Minera El Tesoro (note 17)	Common shareholders	32,416	90,086
Minera Michilla S. A.	Common shareholder	31	
Minera Los Pelambres	Common shareholder	3	4
Aguas de Antofagasta S.A.	Indirect	274	219
El Tesoro SPV Bermuda Limited	Indirect	156	
Total		33,439	358,930

- (i) In 2008 the account payable to Inmobiliaria Punta de Rieles Ltda, is expressed in US dollars. The interest was calculated each quarter at LIBOR plus a spread of 2.75%. Balances with the other companies do not accrue interest.

c. Account payable - long-term:

Company	Type of relationship	2009 ThUS\$	2008 ThUS\$
Minera El Tesoro (note 17)	Common shareholders	<u>34,346</u>	<u> </u>
Total		<u><u>34,346</u></u>	<u><u>-</u></u>

d. Transactions with related parties

The main transactions with related companies during 2009 and 2008 are as follows:

Company	Relationship	Transaction	Amount of the transaction		Effect on pre-operational costs charge (credit)	
			2009	2008	2009	2008
			ThUS\$	ThUS\$	ThUS\$	ThUS\$
Antofagasta Minerals S.A.	Parent	Administrative services	3,019	2,023	2,537	1,700
		Expense reimbursement	8	2,196	8	2,196
		Subordinated loan	31,676			
Minera El Tesoro	Common shareholders	Sundry services	1,083	845	910	710
		Ore sales contract advance		90,000		
		Sale minerals	28,053		(23,574)	
		Subordinated loan	100,934			
Minera Michilla S.A.	Common shareholder	Administrative services	121	1	101	1
		Expense reimbursement		1		1
Minera Los Pelambres	Common shareholder	Expense reimbursement	25	3	21	3
Inmobiliaria Punta de Rieles	Indirect	Loan	346,158	266,288	6,573	5,288
Aguas de Antofagasta S.A.	Indirect	Purchase of raw water	2,381	964	2,001	810
El Tesoro SPV Bermuda Limited	Indirect	Expense reimbursement	156		156	
Banco de Chile	Indirect	Placements	4,476,237	80,259	(1,457)	(158)
		Guarantees	4,656	110,061	(24)	(1,212)
Entel S.A.	Indirect	Communication services	714	126	600	105

14. SUNDRY CREDITORS

	2009		2008	
	Short term ThUS\$	Long term ThUS\$	Short term ThUS\$	Long term ThUS\$
Caterpillar Leasing Chile S.A. (a)	927	4,799	809	5,048
Promet Servicios S.A. (b)	<u>2,002</u>	<u>5,859</u>	<u> </u>	<u> </u>
Subtotal	2,929	10,658	809	5,048
Less: Unearned interest	<u>(284)</u>	<u>(406)</u>	<u>(261)</u>	<u>(710)</u>
Total	<u><u>2,645</u></u>	<u><u>10,252</u></u>	<u><u>548</u></u>	<u><u>4,338</u></u>

- a) The Company has signed a financial lease contract for the acquisition of 6 Caterpillar trucks, model 797, payable in 66 monthly installments starting May 2008, adjustable and accruing interest at LIBOR plus spread of 2.83%.
- b) During August 2008, the Company signed a lease contract with purchase option related to the plant construction camp. This contract has duration of 32 months plus the purchase option with an implicit interest rate of 1.5%.

15. ACCRUALS AND WITHHOLDINGS

The detail of this item is as follows:

	2009 ThUS\$	2008 ThUS\$
Short term:		
Vacation accrual	1,433	611
Employee benefits accrual	<u>2,487</u>	<u>1,371</u>
Total	<u><u>3,920</u></u>	<u><u>1,982</u></u>
Withholdings	<u><u>797</u></u>	<u><u>1,603</u></u>
Long term:		
Severance indemnity provision	1,638	
Mine closure provision (Note 3)	<u>50,724</u>	<u> </u>
Total	<u><u>52,362</u></u>	<u><u>-</u></u>

16. SHAREHOLDERS' EQUITY

- a. The following are the shareholders' equity movements:

	Paid-in capital ThUS\$	Other reserves ThUS\$	Total equity ThUS\$
Balance at January 1, 2008	99,462	(23,055)	76,407
Capital contribution (i)	268,976	(1,189)	267,787
Capital contribution (ii)	158,349		158,349
Balance at September 30, 2008	<u>526,787</u>	<u>(24,244)</u>	<u>502,543</u>
Balance at January 1, 2009	<u>718,787</u>	<u>(24,244)</u>	<u>694,543</u>
Balance at September 30, 2009	<u>718,787</u>	<u>(24,244)</u>	<u>694,543</u>

- (i) At the first Shareholders' Extraordinary Meeting held on July 25, 2008, the majority shareholder, Antofagasta Minerals S.A., made a capital increase of ThUS\$268,976 through ownership and control of mining concessions, studies, services and fixed assets. This contribution was recorded in agreement with Technical Bulletin N°72, under interest unification method. The difference between these values and the applicable book value recorded at the date of the contributions, is presented in "Other reserves" net of deferred taxes.
- (ii) At the Second Extraordinary Shareholders' Meeting, dated August 12, 2008, it was agreed to increase paid-in capital by ThUS\$158,349. The contributions of Antofagasta Minerals S.A. and ESP Investment B.V. were ThUS\$313 and, ThUS\$158,036 respectively.

- b. At September 30, 2009, equity ownership is as follows:

	Contribution in ThUS\$	Ownership %
Antofagasta Minerals S.A.	368,750	51.302%
Marubeni LP Holding B.V. (i)	215,636	30.000%
Los Pelambres Investment Company Limited	<u>134,401</u>	<u>18.698%</u>
Total	<u>718,787</u>	<u>100.000%</u>

- (i) At December 9, 2008, in Amsterdam, Holland, it was established by means of a public deed that Marubeni LP Holding B.V. is merged with ESP Investment B.V., by the absorption of the latter. This transaction was legalized in Chile on July 27, 2009, by the Foreign Office.

17. GUARANTEES, COMMITMENTS AND CONTINGENCIES

I. Commitments

- a) 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 pre-stripping process. Minera El Tesoro paid ThUS\$90,000 as an advance payment for the sale of the ore.

At September 30, 2009, the amount payable to Minera El Tesoro for this item is ThUS\$66,426, of which ThUS\$32,080 are included in short-term accounts payable to related companies (Note 13b) and ThUS\$34,346 in long term accounts payable (Note 13c).

- b) On May 15, 2009, a US\$1,050 million “project finance” loan was signed in the United States, which will be used to finance the project. The loan was granted by a group of entities that includes governmental import and export promotion agencies from Japan, Canada and Germany that finance US\$650 millions and Japanese and European banks that finance the remaining US\$400 million. The partners guarantee the loan in proportion to their participation, until the project passes its “completion test”.
- c) Likewise, the partners agreed to grant subordinated financing proportionally to their ownership interests, in accordance of the following companies:

	Million US\$
Antofagasta Minerals S.A.	565.6
Marubeni LP Holding B.V.	242.4
Minera El Tesoro (*)	<u>100.0</u>
	<u>908.0</u>

- (*) The Antofagasta Minerals Group and Marubeni have a 70% and 30% ownership in Minera El Tesoro, respectively.

This loan has a 12-year term and a 3 year grace period on capital payments.

II. Guarantees

Guarantees given to third parties:

- The company has granted 12 performance bonds in favor of the Regional Director of the Antofagasta Region Highway Department for total of UF7,749.93, to guarantee the correct execution of the work, compliance with the regional regulatory entity and to cover possible damages to third parties. These bonds will be in force between November 16, 2009 and August 31, 2010.
- The Company has granted the Chilean Treasury 5 promissory notes, for a total of 2,235,592.7 UTM (Monthly Tax Units), as sufficient guarantee for VAT advances made on future exports and in virtue of the Exempt Resolution N°81 dated December 20, 2008, of the Ministry of Economy, Promotion and Reconstruction. These promissory notes mature on August 31, 2014.
- The loan signed with the banks for financing (Note 17 I b) the project includes covenants that include the following aspects:
 - i. Modifications are permitted of by-laws of shareholders agreements.
 - ii. The creditors' environmental and social requirements must be met.
 - iii. Asset protection.
 - iv. Important changes in the project's physical require the consent of a majority of the creditors.
 - v. Changes in the Mining Plan must be notified if they significantly affect the annual budget.
 - vi. Restricted payments (dividend payments or subordinated debt) can be made as of the beginning of commercial operations, within 30 days following the date of each senior debt payment, subject to the following conditions:
 - a) That no default exists;
 - b) That the required previous six month's debt coverage ratio has been observed;
 - c) If the restricted payment occurs before reaching Completion, the partners must be in compliance with their financial tests.
- As a result of the financing for the project, Minera Esperanza furnished the creditor banks with a package of guarantees on all of the movable and immovable properties. The shareholders of the Company (Marubeni LP Holding B.V., Antofagasta Minerals S.A. and Los Pelambres Investment Company) pledged their shares to the banks as collateral.

Guarantees received from third parties:

- To date, the Company has received guarantee bonds and letters of credit, issued by local and foreign banks, provided by contractors and suppliers for an approximate amount of ThUS\$178,090, which are to guarantee the faithful fulfillment of the contracts and the quality and proper operation in the case of equipment.

III. Contingencies

- There are four legal actions in which the Company is plaintiff and one in which the Company is defendant, which are derived from its operations. In the opinion of management and its legal counsel, legal action in which the defendant is no contingency for loss of significant values.

IV. Encumbrances

- The Company has its real property assets (mining concessions) duly registered in its name. Without prejudice to this, there are mining concessions that are encumbered. Likewise, other Company assets, like mobile equipment, vehicles, brands, credits resulting from sales contracts, are subject to encumbrances.

18. SUBSEQUENT EVENTS

Between October 1 and the date on which these financial statements are issued, no other significant events occurred that could materially affect them.

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