

MINERA MICHILLA S.A.
AUDITED FINANCIAL STATEMENTS
FOR THE FULL YEAR ENDED 31 DECEMBER 2008 AND 2007

(TRANSLATION FROM SPANISH VERSION TO BE
FILED WITH SUPERINTENDENCIA DE VALORES Y SEGUROS
DE CHILE 27TH MARCH 2009)

MINERA MICHILLA S.A.

Financial statements for the years ended
December 31, 2008 and 2007 an independent
auditors' report

INDEPENDENT AUDITORS' REPORT

To the Shareholders and Directors of
Minera Michilla S.A.

We have audited the accompanying balance sheets of Minera Michilla S.A. as of December 31, 2008, and 2007 and the related statements of income and of cash flows for the years then ended. These financial statements (including the related notes) are the responsibility of the management of Minera Michilla S.A. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Chile. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Company's management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of Minera Michilla S.A. at December 31, 2008 and 2007 and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in Chile.

As is mentioned in Note 6, in 2008, the Company recorded an impairment provision of this fixed assets of ThUS\$36,853, as a result of the current market conditions and based on the operating plan approved by the Board of Directors.

As is mentioned in Note 2, the continuity of the Company's operations will depend on a change in current circumstances. The Company expects, in this regard, that the actions taken to date will constitute the necessary basis for the generation of profits and positive cash flows in the coming years. These financial statements do not include any adjustments that could be necessary depending on the outcome of this uncertainty.

The accompanying financial statements have been translated into English solely for the convenience of readers outside Chile.



February 6, 2009

MINERA MICHILLA S.A.**BALANCE SHEETS AT DECEMBER 31, 2008 AND 2007**
(In thousands of US dollars -ThUS\$)

ASSETS	2008 ThUS\$	2007 ThUS\$
CURRENT ASSETS:		
Cash at bank and in hand	127	467
Time deposits	35,903	40,984
Marketable securities	692	1,652
Trade debtors	6,924	21,646
Sundry debtors	16,329	9,111
Accounts receivable from related companies	1,062	1,172
Refundable taxes	8,983	2,902
Inventories	16,624	16,312
Prepaid expenses	531	187
Deferred taxes	1,287	565
Other current assets	11	14
Total current assets	88,473	95,012
FIXED ASSETS:		
Mining properties	13,622	13,622
Construction and infrastructure	74,653	71,359
Machinery and equipment	86,075	77,810
Other fixed assets	108,031	100,908
Technical revaluation of fixed assets	4,104	4,104
Accumulated depreciation and amortization	(249,632)	(224,697)
Impairment of fixed assets	(36,853)	
Total fixed assets net	-	43,106
OTHERS:		
Investments in other companies	78	106
Long-term debtors	15	16
Deferred taxes	2,862	1,364
Others	177	195
Total other assets	3,132	1,681
TOTAL ASSETS	91,605	139,799

The accompanying notes form an integral part of these financial statements

LIABILITIES AND SHAREHOLDERS' EQUITY	2008 ThUS\$	2007 ThUS\$
CURRENT LIABILITIES:		
Accounts payable	20,924	2,157
Sundry creditors		204
Accounts payable to related companies	2,723	1,036
Accruals and withholdings	17,016	22,245
Income tax		8,960
Total current liabilities	<u>40,663</u>	<u>34,602</u>
LONG TERM LIABILITIES:		
Accruals	<u>8,155</u>	<u>8,731</u>
SHAREHOLDERS' EQUITY:		
Paid-in capital	78,422	78,422
Reserve for fixed asset technical revaluation	219	219
Interim dividends	(70,000)	(109,000)
Net income for the year	<u>34,146</u>	<u>126,825</u>
Total shareholders' equity	<u>42,787</u>	<u>96,466</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u><u>91,605</u></u>	<u><u>139,799</u></u>

MINERA MICHILLA S.A.**STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(In thousands of US dollars -ThUS\$)**

	2008 ThUS\$	2007 ThUS\$
OPERATING REVENUE	332,540	323,965
OPERATING COSTS	<u>(222,989)</u>	<u>(157,716)</u>
OPERATING MARGIN	109,551	166,249
ADMINISTRATIVE AND SELLING EXPENSES	<u>(19,072)</u>	<u>(15,375)</u>
OPERATING INCOME	<u>90,479</u>	<u>150,874</u>
OTHER INCOME (EXPENSES):		
Financial income	1,905	3,637
Other income	1,171	10,342
Financial expenses	(55)	(196)
Other expenses	(37,623)	(9,327)
Exchange differences	<u>(4,862)</u>	<u>801</u>
OTHER (EXPENSES) INCOME	<u>(39,464)</u>	<u>5,257</u>
INCOME BEFORE INCOME TAX	51,015	156,131
INCOME TAX	<u>(16,869)</u>	<u>(29,306)</u>
NET INCOME FOR THE YEAR	<u><u>34,146</u></u>	<u><u>126,825</u></u>

The accompanying notes form an integral part of these financial statements

MINERA MICHILLA S.A.STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(In thousands of US dollars -ThUS\$)

	2008 MUS\$	2007 MUS\$
RECONCILIATION BETWEEN NET CASH FLOW FROM OPERATING ACTIVITIES AND NET INCOME FOR THE YEAR:		
Net income for the year	34,146	126,825
Gain on sale of assets:		
Gain on sale of assets	(235)	(267)
Charges (credits) to income that do not represent cash flows:		
Depreciation	12,690	12,838
Amortization	13,218	6,066
Write-offs and accruals	39,609	10,541
Exchange differences	4,862	(801)
Other (credits) charges to income that do not represent cash flows	11	(990)
Decrease (increase) in assets affecting cash flow:		
Trade debtors	14,722	(6,130)
Accounts receivable from related companies	(6,104)	
Inventories	(312)	1,764
Deferred taxes	(2,220)	92
Other assets	(13,621)	(13,417)
Increase (decrease) in liabilities affecting cash flow:		
Accounts payable and sundry creditors	12,758	527
Value added tax and other similar taxes payable	(8,960)	(951)
Deferred taxes		(1,107)
Net cash provided by operating activities	<u>100,564</u>	<u>134,990</u>
CASH FLOW FROM INVESTMENT ACTIVITIES:		
Sale of fixed assets	235	267
Purchase of fixed assets	(19,355)	(11,356)
Other loans to related companies	-	(912)
Net cash used in investment activities	<u>(19,120)</u>	<u>(12,001)</u>
CASH FLOW FROM FINANCING ACTIVITIES:		
Payment of dividends	<u>(87,825)</u>	<u>(149,430)</u>
NET NEGATIVE CASH FLOW FOR THE YEAR	(6,381)	(26,441)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>43,103</u>	<u>69,544</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>36,722</u></u>	<u><u>43,103</u></u>

The accompanying notes form an integral part of these financial statements

MINERA MICHILLA S.A.

NOTES TO THE FINANCIAL STATEMENTS

(In thousand of U.S. dollars - ThUS\$)

1. NATURE OF THE COMPANY'S OPERATIONS

The corporate purpose of the Company is the exploration, development, exploitation, production, commercialization of minerals, concentrates, precipitates, cathodes and copper bars and bars of non-ferrous metals, and products and sub-products obtained there from; and the exploitation of mining properties, including all the stages of the mining industry.

According to the requirements of Law 20.026 on the Specific Mining Tax published in the Official Gazette of June 16, 2005, and the relevant regulations issued by the Superintendence of Securities and Insurance ("SVS") through its Exempt Resolutions 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.

Due to the current market conditions, the Company has had to modify its mining and business plan. The continuity of the Company's operations will depend on a change in current circumstances. In relation with the above, the Company expects that the actions taken to date will constitute the necessary basis for generating profits and positive cash flows during the first years. The current financial statements do not include any adjustment that may result from the resolution of this uncertainty.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of presentation - The financial statements at December 31, 2008 and 2007 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 in Chilean pesos have been translated into US dollars at the exchange rates prevailing on the date of the transaction.

The assets and liabilities in Chilean pesos were translated into US dollars at the Exchange rate that was current at year end of Ch\$636.45 per US\$1(December 31, 2007: \$496.89 per US\$1).

c. Time deposits - Time deposits are stated at original investment amount plus accrued interest at the close of each year.

d. Marketable securities - Marketable securities include investments in fixed income mutual funds, which are stated at year-end value of the respective unit.

e. Allowance for uncollectible accounts - Considering the age and risk of its accounts receivable, the Company has decided not to constitute an allowance for uncollectible accounts.

f. Inventory - Inventory is valued in accordance with the following criteria:

- Finished products and products in process are stated at the monthly average production cost.
- Materials and supplies are stated at weighted average acquisition cost.

The cost of inventories does not exceed its estimated net realizable value.

g. Fixed assets - Fixed assets are presented at acquisition or revaluation cost. Depreciation for the year has been calculated based on the straight-line method, over the estimated useful lives of the assets, except for values disbursed for mining concessions that are amortized based on production, considering economically exploitable ore reserves.

Assets acquired under a finance lease are not legally owned by the Company and therefore, it cannot freely dispose of these assets until it exercises its purchase option.

According to the 2007 - 2009 business plan approved by the Board of Directors in October 2006, supported by highly certain mining reserves, in January 2007 the Company modified the remaining useful life of its fixed assets, to distribute their depreciation over the same period. This modification implied a higher depreciation charge at December, 2007 of ThUS\$3,859.

As is explained more extensively in Note 1 and Note 6, due to the reorganization of the mining plan, the Company generated a charge to income from the impairment of its fixed assets.

The costs of the mine development stages correspond to:

- Exploring and prospective drilling of ore deposits.

Costs for locating mineralized areas, and determining their possible commercial exploitation are debited to construction in progress. Once results are concluded and analyzed, they are charged to income if not feasible.

- Mine pre-operation expenses

Expenses incurred from the moment the Company determines that the exploitation of an ore deposit is feasible until the moment of start-up, are capitalized and amortized in relation with mineral production.

- Development expenses of ore deposits being exploited.

The expenses for maintaining production volumes are charged to costs when incurred.

h. Mining licenses - Mining licenses paid for mining properties that are not under operation are amortized during the year.

i. Investments in other companies - Investments in other companies are stated at cost and represent principally the contribution in Minera Pampa Fénix S.C.M. The Company owns 90% of this mining company. The non-consolidation of the aforementioned subsidiary does not affect the interpretation of the current financial statements, as its assets, liabilities, results and cash flows are not significant.

j. Vacations - The annual cost of personnel vacation is recognized as an expense in the financial statements on the accrual basis.

k. Income tax and deferred taxes - The Company determines provisions for the first category income tax and specific mining tax, based on the Net Taxable Income and Operating Taxable Income, respectively, determined in accordance with the Income Tax Law.

Deferred taxes on temporary differences, tax losses and other events create differences between the accounting and tax base of assets and liabilities, are recorded according to Technical Bulletin N°60 and its complements of the Chilean Institute of Accountants.

l. Severance indemnity - The Company has accrued severance indemnity at the present value of the projected cost of the benefit, applying a 6.5% annual discount rate.

m. Mine closure - The Company provides for mine closure and abandonment of installations cost at net present value considering a discount rate of 6.5% and pursuant to the corporate policies and environmental obligations subscribed with government organizations.

n. Operating revenue - These include product sales and the result of future contracts that determine sales prices. Sales revenue is recorded when the risk and product ownership are substantially transferred to the buyer.

o. Derivative contracts - The Company has entered into derivative contracts to cover the variation in the price of copper. As these contracts were defined as coverage of expected transactions, the unrealized result has been deferred, as established by Technical Bulletin N°57 of the Chilean Institute of Accounts.

p. Statements 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 mutual fund units.

q. Reclassifications - For comparative purposes, certain reclassifications have been made in the financial statements at December 31, 2007.

3. TIME DEPOSITS

The detail is as follows:

	Currency	2008 ThUS\$	2007 ThUS\$
Time deposits overseas	US\$	30,900	3,151
Time deposits local	US\$	<u>5,003</u>	<u>37,833</u>
Total		<u><u>35,903</u></u>	<u><u>40,984</u></u>

4. TRADE DEBTORS

The distribution of this item broken down by geographical destination is as follows:

	2008 ThUS\$	2007 ThUS\$
Europe	3,207	6,537
Asia Pacific	<u>3,717</u>	<u>15,109</u>
Total	<u><u>6,924</u></u>	<u><u>21,646</u></u>

5. INVENTORIES

The detail of inventories at the respective year-end is as follows:

	2008 ThUS\$	2007 ThUS\$
Products in process	5,930	7,428
Supplies and materials	7,291	5,603
Finished products	<u>3,403</u>	<u>3,281</u>
Total	<u><u>16,624</u></u>	<u><u>16,312</u></u>

6. FIXED ASSETS

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

	2008 ThUS\$	2007 ThUS\$
Mining properties	<u>13,622</u>	<u>13,622</u>
Construction and infrastructure	<u>74,653</u>	<u>71,359</u>
Machinery and equipment	<u>86,075</u>	<u>77,810</u>
Investments in development and prospecting	96,048	91,045
Furniture and fixtures, equipment	3,948	3,940
Works in progress	6,395	2,950
Leased assets		2,378
Other fixed assets	<u>1,640</u>	<u>595</u>
Total other fixed assets	108,031	100,908
Fixed asset technical revaluation	<u>4,104</u>	<u>4,104</u>
Total fixed assets - gross	<u>286,485</u>	<u>267,803</u>
Accumulated depreciation	(134,056)	(122,181)
Depreciation for the year	(12,680)	(12,838)
Increased value of accumulated depreciation as a result of technical revaluation of fixed assets	(4,104)	(4,104)
Accumulated amortization	(85,574)	(79,508)
Amortization for the year	<u>(13,218)</u>	<u>(6,066)</u>
Total accumulated depreciation	(249,632)	(224,697)
Impairment of fixed assets (a)	<u>(36,853)</u>	
Total fixed assets - net	<u><u>-</u></u>	<u><u>43,106</u></u>

- (a) At the end of 2008, the Company recorded a provision charged to other expenses (Note 13b), for the impairment of its fixed assets for ThUS\$36,853, on the basis of the reevaluation of its current mining plan.

7. ACCOUNTS PAYABLE

The detail of this item at each year end is as follows:

	2008 ThUS\$	2007 ThUS\$
Invoices payable	19,893	955
Creditors for imports		529
Withholdings to contractors	1,016	653
Others	15	20
Total	<u><u>20,924</u></u>	<u><u>2,157</u></u>

8. SUNDRY CREDITORS

The detail of this item is as follows:

	2008 ThUS\$	2007 ThUS\$
Leasing obligations		206
Deferred interest		(2)
Total	<u><u> </u></u>	<u><u>204</u></u>

In 2007, the leasing obligations correspond to machinery and equipment financing. They are expressed in US dollars, and accrue an average annual interest of 4.68%.

9. BALANCES AND TRANSACTIONS WITH RELATED COMPANIES

a. Accounts receivable from/payable to related companies:

	Type of relationship	2008 ThUS\$	2007 ThUS\$
Receivables			
Minera El Tesoro	Indirect	290	925
Antofagasta Minerals S.A.	Shareholder	25	22
Minera Los Pelambres	Indirect		19
Madeco S.A.	Indirect	683	205
Antofagasta Railway agencia en Chile	Indirect	3	1
Minera Esperanza	Indirect	61	
Total		<u><u>1,062</u></u>	<u><u>1,172</u></u>
Payables			
Antofagasta Minerals S.A.	Shareholder	1,064	250
Antofagasta Railway agencia en Chile	Indirect	243	225
Madeco S.A.	Indirect		5
Minera El Tesoro	Indirect	1,416	556
Total		<u><u>2,723</u></u>	<u><u>1,036</u></u>

The balances receivable and payable are of short-term and stated principally in US dollars, and do not accrue interest or indexation.

b. The main transactions with related companies are as follows:

Company	Relationship	Transaction	2008		2007	
			Amount of transaction ThUS\$	Effect on income charge ThUS\$	Amount of transaction ThUS\$	Effect on income charge ThUS\$
Antofagasta Minerals S.A.	Shareholder	Administrative services	1,428	1,200	1,428	1,200
		Expense refunds	5,819	4,890	1,497	1,258
		Recovery of expenses	113		641	
		Rental income	100	(100)	107	(106)
		Rental expenses	9	7		
		Payment of dividends	65,150		110,849	
Antofagasta Railway agencia en Chile	Indirect	Transport services	2,296	1,930	1,388	1,166
		Recovery of expenses	8		7	
		Rental income	2	(2)		
Minera Los Pelambres	Indirect	Rental income	201	(201)	212	(212)
		Administrative services			17	(14)
Madedco S.A.	Indirect	Copper sales	6,256	3,439	2,203	(801)
		Purchase of materials	314	264	64	54
Minera El Tesoro	Indirect	Sale of materials	5,398	(4,536)	1,540	
		Purchase of materials	4,694	4,350	3,223	35
		Sea Terminal service	597	(502)	890	(748)
		Sundry	3	(2)	9	(6)
Minera Esperanza	Indirect	Administrative services	58	49		
		Recovery of expenses	1			
		Rentals	3	3		
Banco de Chile	Indirect	Time deposits	36,012	(301)	21,410	(100)

10. ACCRUALS AND WITHHOLDINGS

The detail of this item at year end is as follows:

	2008 ThUS\$	2007 ThUS\$
Monthly expenses accrual	824	6,692
Sundry US dollar accrual	11,027	10,363
Staff vacations accrual	1,018	1,015
Severance indemnity (a)	391	
Withholdings payable	3,756	4,175
Total	17,016	22,245
Long term:		
Mine closure	1,692	1,692
Severance indemnity (a)	6,463	7,039
Total	8,155	8,731

(a) The balance includes provisions related to the Lince mine closure, which is included in the mining plan reevaluation indicated in Note 6.

11. INCOME TAX AND DEFERRED TAXES

a. Refundable taxes

The balance at each period-end is as follows:

	2008 ThUS\$	2007 ThUS\$
VAT Recoverable	3,785	2,902
Income tax accrual, net of credits	3,763	
Specific mining tax accrual, net of credits	<u>1,435</u>	
Total	<u><u>8,983</u></u>	<u><u>2,902</u></u>

b. Income tax

The First Category Income Tax provision at December 31, 2008, was ThUS\$16,242 (ThUS\$26,907 in December 2007), calculated in conformity with the Income Tax Law.

The specific mining tax provision was ThUS\$3,333 (ThUS\$3,157 in December 2007).

In 2007, the calculated Income Tax provision is presented in income tax payable in current liabilities net of monthly provisional payments, training credits and other credits.

	2008 ThUS\$	2007 ThUS\$
Income tax accrual	(16,242)	(26,907)
Additional tax, special Tax Law Art. 21 Income Tax Law	(21)	(7)
Specific mining tax accrual	(3,333)	(3,157)
Provisional monthly payments	16,144	15,348
Provisional monthly specific mining tax payments	3,333	5,540
Sence training expenses and others	<u>119</u>	<u>223</u>
Total	<u><u>-</u></u>	<u><u>(8,960)</u></u>

c. Deferred taxes

At December 31 of each year, the detail of the accumulated balances for deferred taxes is as follows:

	2008			2007		
	Asset		Liability	Asset		Liability
	Short term	Long term	Long term	Short term	Long term	Long term
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Temporary differences						
Inventories	716			308		
Fixed asset depreciation		334				888
Vacation provision	173			173		
Provision for mine closure costs		1,384			1,408	
Provision for leasing and others	398	164		84	164	
Provision for impairment of fixed assets	6,265					
Others		980			680	
Valuation allowance	(6,265)					
Total deferred taxes	1,287	2,862		565	2,252	888

The deferred taxes are presented in the balance sheet as shown below:

	2008	2007
	ThUS\$	ThUS\$
Current deferred tax assets	1,287	565
Total current assets	1,287	565
Long term deferred tax assets	2,862	2,252
Long term deferred tax liabilities	-	(888)
Total net long term asset	2,862	1,364

The composition of the charge to income from income tax, after the effect of deferred taxes is recognized, is as follows:

	2008	2007
	ThUS\$	ThUS\$
Current tax expense		
Income tax	(16,242)	(26,907)
Additional tax, special Tax Law Art. 21 Income Tax Law	(21)	(7)
Specific mining tax	(3,333)	(3,157)
Surplus (deficit) of prior year income tax	506	(278)
Deferred taxes		
Effect of the variation of assets and liabilities from deferred taxes	8,186	900
Effect of amortization of complementary accounts and others		(62)
Valuation allowance	(6,265)	
Effect of specific mining tax	300	205
Total net charge to income	(16,869)	(29,306)

12. SHAREHOLDERS' EQUITY

The following are the equity movements during the years:

	Paid-in capital ThUS\$	Reserve for technical revaluation ThUS\$	Retained earnings ThUS\$	Interim dividend ThUS\$	Net income for the year ThUS\$	Total ThUS\$
Balance at January 1, 2007	78,422	219	4,409	(50,000)	86,021	119,071
Transfer 2006 net income			86,021		(86,021)	
Final dividend			(90,430)	50,000		(40,430)
Interim dividend				(109,000)		(109,000)
Net income for the year					126,825	126,825
Balance at December 31, 2007	78,422	219		(109,000)	126,825	96,466
Balance at January 1, 2008	78,422	219	-	(109,000)	126,825	96,466
Transfer 2007 net income			126,825		(126,825)	
Final dividend			(126,825)	109,000		(17,825)
Interim dividend				(70,000)		(70,000)
Net income for the year					34,146	34,146
Balance at December 31, 2008	78,422	219		(70,000)	34,146	42,787

In the Ordinary General Shareholders Meeting held on April 27, 2007, the shareholders in attendance unanimously agreed to approve and ratify the Board of Directors decision to pay a US\$50 million dividend with charge to 2006 net income, at US\$1.906984613 per share, which was paid to the shareholders beginning on September 5, 2006, b) approve a dividend payment with charge to 2006 retained earnings of US\$4,408,701.35, at US\$0.168146513 per share, and c) approve a dividend payment of US\$36,020,536.37, at US\$1.373812172 per share, with charge to 2006 net income, which must be placed at the shareholders disposal from April 30, 2007 onward.

As a result, the dividend paid by the Company to the shareholders with charge to 2006 net income is US\$86,020,536.37 and with charge to retained earnings is US\$4,408,701.35.

In Board Meeting N° 302 on May 28, 2007, it was unanimously agreed to distribute an interim dividend of US\$65 million, at US\$2.479079997 per share, against 2007 net income, which was paid to the shareholders from June 06, 2007 onward.

In Board Meeting N° 306 on September 24, 2007, it was unanimously agreed to distribute an interim dividend of US\$44 million, at US\$1.678146460 per share, against 2007 net income, which was paid to the shareholders from October 16, 2007 onward.

In the Ordinary General Shareholders Meeting held on April 25, 2008, the shareholders in attendance unanimously agreed to approve and ratify the Board of Directors decision to pay a US\$65 million dividend with charge to 2007 net income, at US\$2.479079997 per share, b) approve a dividend payment with charge to 2007 net income of US\$44 million, at US\$1.678146460 per share, and c) approve a final dividend payment of US\$17,824,565.23, at US\$0.679823433 per share, with charge to 2007 net income, which must be placed at the shareholders disposal from April 30, 2008 onward.

As a result, the dividend paid by the Company to the shareholders with charge to 2007 net income is US\$126,824,565.23.

The extraordinary Board Meeting held on April 4, 2008, unanimously agreed to distribute an interim dividend of US\$35 million, at the rate of US\$1.334889229 per share, with charge to 2008 net income, which was paid to the shareholders from June 5, 2008, onward.

The Board Meeting N°313 of August 25, 2008, unanimously agreed to distribute an interim dividend of US\$35 million, at the rate of US\$1.334889229 per share, with charge to 2008 net income, which was paid to the shareholders on September 30, 2008.

As a result of the value of the impairment adjustment to fixed assets, indicated in Note N°6, net income at December 31, 2008, is lower than the amount of interim dividends paid during 2008.

13. OTHER INCOME AND EXPENSES

a. Other income:

	2008	2007
	ThUS\$	ThUS\$
Income from 2007 earthquake insurance		7,776
Recovery of written-of debt		1,352
Rental income	470	461
Gain on sale of fixed assets	235	267
Sea Terminal service	210	123
Other income	256	363
	<u>1,171</u>	<u>10,342</u>
Total	<u>1,171</u>	<u>10,342</u>

b. Other expenses:

	2008	2007
	ThUS\$	ThUS\$
Loss from 2007 earthquake		9,276
Fixed assets book value impairment adjustment (Note 6)	36,853	
Other expenses	<u>770</u>	<u>51</u>
Total	<u><u>37,623</u></u>	<u><u>9,327</u></u>

14. FUTURE OPERATIONS AND OPTIONS

The Company holds the following hedge contracts at each year-end:

a. Outstanding positions at December 31, 2008:

At December 31, 2008, the Company has no Min-Max fine copper options.

b. Outstanding positions at December 31, 2007:

At December 31, 2007 the Company holds Min-Max options for 10,200 MT, with monthly maturities, from January to December, 2008. These options have an average floor of US\$ 2.57 per pound of fine copper, and an average cap of US\$4.14 per pound of fine copper.

c. Result of operations that matured during the year:

December 31, 2008	Gain	Loss	Total
	ThUS\$	ThUS\$	ThUS\$
Fixed price	-	-	-
Options	<u>21,875</u>	<u>(7,961)</u>	<u>13,914</u>
Total	<u><u>21,875</u></u>	<u><u>(7,961)</u></u>	<u><u>13,914</u></u>
December 31, 2007	Gain	Loss	Total
	ThUS\$	ThUS\$	ThUS\$
Fixed price	2,215	(8,062)	(5,847)
Options	<u>1,088</u>	<u>(2,160)</u>	<u>(1,072)</u>
Total	<u><u>3,303</u></u>	<u><u>(10,222)</u></u>	<u><u>(6,919)</u></u>

The result of these operations is presented net in revenue in the statement of income.

15. CONTINGENCIES AND COMMITMENTS

As a result of the earthquake on November 14, 2007 the Company recorded a provision for the damages in facilities and losses in inventories of products in process for ThUS\$9,276, as well as the recoverability of ThUS\$7,776, considering that the Company has insurance policies in force that cover these risks.

On July 25, 2008 the Company received US\$2 million from the insurance company Royal Sun Alliance on account of the advance of the payment of damages caused by the earthquake mentioned above.

16. SUBSEQUENT EVENTS

Between January 1, 2009 and February 6, 2009, the date of issue of these financial statements, there have been no subsequent events that could significantly affect the balances or interpretation of these financial statements.

* * * * *