

MINERA MICHILLA S.A.
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 MICHILLA S.A.**BALANCE SHEETS AT SEPTEMBER 30, 2009 AND 2008**
(In thousands of US dollars -ThUS\$)

ASSETS	2009 ThUS\$	2008 ThUS\$
CURRENT ASSETS:		
Cash at bank and in hand	1,545	937
Time deposits	35,415	33,692
Marketable securities	4,706	
Trade debtors, net	6,912	12,775
Sundry debtors	1,165	8,199
Accounts receivable from related companies	43	839
Inventories	26,828	27,595
Refundable taxes	5,756	3,863
Prepaid expenses	1,082	832
Deferred taxes	919	371
Other current assets	12	12
Total current assets	84,383	89,115
FIXED ASSETS:		
Mining properties	13,622	13,622
Construction and infrastructure	77,738	71,509
Machinery and equipment	85,080	79,320
Other fixed assets	125,958	113,686
Technical revaluation of fixed assets	4,104	4,104
Accumulated depreciation and amortization	(252,677)	(243,181)
Impairment of fixed assets	(38,255)	
Total fixed assets, net	15,570	39,060
OTHERS ASSETS:		
Investments in other companies	362	306
Deferred taxes	7,393	2,334
Total other assets	7,755	2,640
TOTAL ASSETS	107,708	130,815

The accompanying notes form an integral part of these financial statements

LIABILITIES AND SHAREHOLDERS' EQUITY	2009 ThUS\$	2008 ThUS\$
CURRENT LIABILITIES:		
Accounts payable	16,063	9,414
Sundry creditors	1,463	
Accounts payable to related companies	831	387
Accruals and withholdings	9,296	27,298
Dividends payable	<u>1</u>	<u>1</u>
Total current liabilities	<u>27,654</u>	<u>37,100</u>
LONG TERM LIABILITIES:		
Sundry creditors	380	
Accruals	<u>20,968</u>	<u>9,112</u>
Total long-term liabilities	<u>21,348</u>	<u>9,112</u>
SHAREHOLDERS' EQUITY:		
Paid-in capital	42,568	78,422
Reserve for fixed asset technical revaluation	219	219
Interim dividends		(70,000)
Net income for the period	<u>15,919</u>	<u>75,962</u>
Total shareholders' equity, net	<u>58,706</u>	<u>84,603</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u><u>107,708</u></u>	<u><u>130,815</u></u>

MINERA MICHILLA S.A.

STATEMENTS OF INCOME

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

(In thousands of US dollars -ThUS\$)

	2009	2008
	ThUS\$	ThUS\$
OPERATING REVENUE	119,813	271,543
OPERATING COSTS	<u>(100,034)</u>	<u>(161,031)</u>
OPERATING MARGIN	19,779	110,512
ADMINISTRATIVE AND SELLING EXPENSES	<u>(11,639)</u>	<u>(14,046)</u>
OPERATING INCOME	<u>8,140</u>	<u>96,466</u>
OTHER INCOME (EXPENSES):		
Financial income	165	1,519
Other income	6,387	1,611
Financial expenses	(88)	(47)
Other expenses	(1,856)	(27)
Exchange differences	<u>(201)</u>	<u>(4,532)</u>
OTHER INCOME (EXPENSES)	<u>4,407</u>	<u>(1,476)</u>
INCOME BEFORE INCOME TAX	12,547	94,990
INCOME TAX	<u>3,372</u>	<u>(19,028)</u>
NET INCOME FOR THE PERIOD	<u><u>15,919</u></u>	<u><u>75,962</u></u>

The accompanying notes form an integral part of these financial statements

MINERA MICHILLA S.A.**STATEMENTS OF CASH FLOWS
FOR THE NINE MONTH PERIODS ENDED SEPTEMBER 30, 2009 AND 2008
(In thousands of US dollars -ThUS\$)**

	2009	2008
	ThUS\$	ThUS\$
CASH FLOW FROM OPERATING ACTIVITIES:		
Net income for the period	15,919	75,962
Gain on sale of assets:		
Gain on sale of assets	(630)	(114)
Charges to income that do not represent cash flows:		
Depreciation	234	9,461
Amortization	4,094	9,741
Exchange differences	201	4,532
Write-offs and accruals	494	1,521
Other charges to income that do not represent cash flows	658	130
Decrease (increase) assets operational:		
Trade debtors, net	12	8,871
Inventories	(10,204)	(11,283)
Deferred taxes	369	194
Other assets	17,638	(15,123)
Increase (decrease) in liabilities operational:		
Accounts payable and sundry creditors	(12,127)	11,442
Value added tax and other similar taxes payable	1,872	522
Deferred taxes	(4,531)	(970)
Net cash provided by operating activities	<u>13,999</u>	<u>94,886</u>
CASH FLOW FROM INVESTMENT ACTIVITIES:		
Purchase of fixed assets	<u>(9,055)</u>	<u>(15,535)</u>
CASH FLOW FROM FINANCING ACTIVITIES:		
Dividend paid		<u>(87,825)</u>
NET POSITIVE (NEGATIVE) IN CASH FLOW OF PERIOD	4,944	(8,474)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>36,722</u>	<u>43,103</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u><u>41,666</u></u>	<u><u>34,629</u></u>
COMPLEMENTARY INFORMATION		
Fixed asset dismantling provision (Note 3)	ThCh\$	10,918

The accompanying notes form an integral part of these financial statements

MINERA MICHILLA S.A.

NOTES TO THE FINANCIAL STATEMENTS

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

1. INCORPORATION NATURE OF THE COMPANY'S OPERATIONS

The Company was incorporation as a Company limited by deed dated 29 of May of 1959.

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 is 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 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 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 current at period end of Ch\$ 550.36 per US\$1 (September 30, 2008: Ch\$551.31 per US\$ 1).

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

d. Marketable securities - Marketable securities include investments in fixed income mutual funds, which are stated at period-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 their estimated net realizable value.

g. Fixed assets - Fixed assets are presented at acquisition or revaluation cost. Depreciation for the period 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 (Note 7) are not legally owned by the Company, and therefore it cannot freely dispose of these assets until it exercises its purchase option.

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 period.

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 vacations is recognized as an expense in the financial statements on the accrual basis.

k. Income tax and deferred taxes - The Company determines provisions for 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 creating differences between the accounting and tax base of assets and liabilities, are recorded following Technical Bulletin N°60 of the Chilean Institute of Accountants and its complements and modifications.

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.

m. Mine closure - The Company provides for mine closure and abandonment of installations cost at net present value considering a discount rate of 2.74 % (September 30, 2008: 6.5%) and pursuant to 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 Min-Max derivative contracts and price-setting futures contracts to cover the variation experienced by the price of copper, and copper forward contracts based on COMEX price and a forward contract based in LME prices. 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 Accountants.

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 - Some items in the Financial Statements at September 30, 2008 have been reclassified for reasons of uniformity.

3. CHANGES ACCOUNTING ESTIMATES

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 with a value at September 30, 2009 of ThUS\$10,918, which is stated in Other Fixed Assets and will be depreciated using the straight line method up to December 31, 2010, 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 September 30, 2009, represents a value of ThUS\$345 (Note 10).

4. TIME DEPOSITS

The detail is as follows:

	Currency	2009 ThUS\$	2008 ThUS\$
Time deposits local	US\$	<u>35.415</u>	<u>33.692</u>
Total		<u><u>35.415</u></u>	<u><u>33.692</u></u>

5. TRADE DEBTORS

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

	2009 ThUS\$	2008 ThUS\$
Europe	78	7.834
Asia Pacific	4.782	2.352
North America	2.045	
Latin America	<u>7</u>	<u>2.589</u>
Total	<u><u>6.912</u></u>	<u><u>12.775</u></u>

6. INVENTORIES

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

	2009 ThUS\$	2008 ThUS\$
Products in process	12.621	13.292
Supplies and materials	5.882	6.612
Finished products	<u>8.325</u>	<u>7.691</u>
Total	<u><u>26.828</u></u>	<u><u>27.595</u></u>

7. FIXED ASSETS

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

	2009 ThUS\$	2008 ThUS\$
Mining properties	<u>13.622</u>	<u>13.622</u>
Construction and infrastructure	<u>77.738</u>	<u>71.509</u>
Machinery and equipment	<u>85.080</u>	<u>79.320</u>
Other fixed assets:		
Investments in development and prospecting	96.049	91.749
Furniture and fixtures, equipment	3.948	3.940
Works in progress	11.335	16.761
Leased assets (b)	2.426	
Other fixed assets	<u>12.200</u>	<u>1.236</u>
Total other fixed assets	125.958	113.686
Fixed asset technical revaluation	<u>4.104</u>	<u>4.104</u>
Total fixed assets - gross	<u>306.502</u>	<u>282.241</u>
Accumulated depreciation	(145.453)	(134.301)
Depreciation for the period	(234)	(9.461)
Increased value of accumulated depreciation as a result of technical revaluation of fixed assets	(4.104)	(4.104)
Accumulated amortization	(98.792)	(85.574)
Amortization for the period	<u>(4.094)</u>	<u>(9.741)</u>
Total accumulated depreciation and amortization	(252.677)	(243.181)
Fixed asset write-offs(a)	<u>(38.255)</u>	<u></u>
Total fixed assets - net	<u><u>15.570</u></u>	<u><u>39.060</u></u>

(a) At the end of 2008, the Company recorded a provision charged to other expenses for the write-off of its fixed assets for ThUS\$36,853, on the basis of the reevaluation of its current mining plan. At September 30, 2009, the ThUS\$38,255 balance includes the reversal of the provision for 2007 earthquake damages and write-offs from the sale of fixed assets.

(b) Corresponds to the acquisition of 3 Komatsu HD785-5 trucks, through a lease with Komatsu Cummins Chile Arrienda S.A., with monthly payments until December 2010, date in which the purchase option will be materialized.

8. ACCOUNTS PAYABLE

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

	2009 ThUS\$	2008 ThUS\$
Invoices payable	14.089	8.189
Creditors for imports	507	
Withholdings to contractors	1.450	1.209
Others	17	16
	<u>16.063</u>	<u>9.414</u>
Total	<u>16.063</u>	<u>9.414</u>

9. BALANCES AND TRANSACTIONS WITH RELATED COMPANIES

a. Accounts receivable from/payable to related companies:

	Relationship	2009 ThUS\$	2008 ThUS\$
Receivables:			
Minera El Tesoro	Indirect	8	447
Antofagasta Minerals S.A.	Shareholder	3	37
Madeco Brass Mill	Indirect		354
Minera Esperanza	Indirect	31	
Antofagasta Railway & Co. (Chilean branch)	Indirect	1	1
		<u>43</u>	<u>839</u>
Total		<u>43</u>	<u>839</u>
Payables:			
Antofagasta Minerals S.A.	Shareholder	124	182
Antofagasta Railway & Co. (Chilean branch)	Indirect	64	164
Madeco Brass Mill	Indirect	12	
Minera El Tesoro	Indirect	631	41
		<u>831</u>	<u>387</u>
Total		<u>831</u>	<u>387</u>

Receivable and payable balances are primarily in US dollars and do not accrue interest or indexation.

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

Entity	Relationship	Transaction	Amount of the Transaction		Effect on income Charge (Credit)	
			2009	2008	2009	2008
			ThUS\$	ThUS\$	ThUS\$	ThUS\$
Antofagasta Minerals S.A.	Shareholder	Administrative services	1,071	1,071	900	900
		Expense refunds	917	3,795		3,189
		Recovery of expenses	79	64	67	
		Rental income		92		(92)
		Rental expenses	111		(93)	
Antofagasta Railway & Co. (Chilean branch)	Indirect	Transport services	961	1,524	808	1,280
		Recovery of expenses	6	6		
Minera Los Pelambres	Indirect	Rental income		184		(184)
Madeco Brass Mill	Indirect	Copper sales	1,773	4,518	(356)	(1,614)
		Purchase of materials		292		246
Minera El Tesoro	Indirect	Sale of materials	1,578	4,985		
		Purchase of materials	4,488	616		
		Sea Terminal service	581	487	(489)	(410)
		Others	5	213		
Minera Esperanza	Indirect	Administrative services	121	1	101	1
		Recovery of expenses		1		1
Banco de Chile	Indirect	Time deposits	36,600	10,690	(11)	(212)

10. ACCRUALS AND WITHHOLDINGS

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

	2009 ThUS\$	2008 ThUS\$
Short term:		
Monthly expenses accrual	661	1,347
Sundry US dollar accrual	6,998	21,889
Staff vacations accrual	1,149	1,141
Withholdings payable	488	2,921
Total	9,296	27,298
Long term:		
Severance indemnities	8,014	7,420
Mine closure (Note 3)	12,954	1,692
Total	20,968	9,112

11. INCOME TAX AND DEFERRED TAXES

a. Refundable taxes

The balance at each period-end is as follows:

	2009 ThUS\$	2008 ThUS\$
VAT Recoverable	1.912	2.380
Income tax accrual, net of credits	3.520	953
Provisional payments of specific mining tax, net of debits		468
Other refundable taxes	324	62
	<u>5.756</u>	<u>3.863</u>
Total	<u><u>5.756</u></u>	<u><u>3.863</u></u>

b. Income tax

At September 30, 2009, the Company has made an Income Tax Provision to ThUS\$126 (ThUS\$16,126 in September 2008), calculated in conformity with the Income Tax Law.

The specific mining tax provision was ThUS\$706 (ThUS\$4,164 in September 2008).

At September 30, 2009 y 2008, the Income Tax provision calculated is presented in income tax payable in current liabilities net of monthly provisional payments, training credits, and refundable taxes in 2009 (other credits in 2008).

	2009 ThUS\$	2008 ThUS\$
Income tax accrual the period	(126)	(16.126)
Additional tax, special Tax Law Art. 21 Income Tax Law	(5)	(20)
Specific mining tax accrual	(706)	(4.164)
Provisional monthly payments	131	16.146
Provisional monthly specific mining tax payments	639	4.164
Sence training expenses and others	67	
	<u>-</u>	<u>-</u>
Total	<u><u>-</u></u>	<u><u>-</u></u>

c. Deferred taxes

At September 30 each year, the detail of the accumulated balances for deferred taxes is as follows:

	2009			2008		
	Assets		Liabilities	Assets		Liabilities
	Short term	Long term	Long term	Short term	Long term	Long term
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Temporary differences						
Inventories	445			328		
Fixed asset depreciation			2.186			78
Vacation provision	195			194		
Provision for mine closure costs		2.317			1.476	
Provision for leasing and others	279	229		(151)	164	
Provision for impairment of fixed assets		6.265				
Others		768			772	
Total deferred taxes	<u>919</u>	<u>9.579</u>	<u>2.186</u>	<u>371</u>	<u>2.412</u>	<u>78</u>

Deferred taxes are presented in the balance sheet as shown below:

	2009 ThUS\$	2008 ThUS\$
Current deferred tax assets	<u>919</u>	<u>371</u>
Total current assets	<u>919</u>	<u>371</u>
Long term deferred tax assets	9.579	2.412
Long term deferred tax liabilities	<u>(2.186)</u>	<u>(78)</u>
Total net long term asset	<u>7.393</u>	<u>2.334</u>

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

	2009 ThUS\$	2008 ThUS\$
Current tax expense		
Income tax	(126)	(16.126)
Additional tax, special Tax Law Art. 21 Income Tax Law	(5)	(20)
Specific mining tax	(706)	(4.164)
Surplus of prior year income tax	47	506
Deferred taxes		
Effect of the variation of assets and liabilities from deferred taxes	4.374	683
Effect of specific mining tax	<u>(212)</u>	<u>93</u>
Total net charge to income	<u>3.372</u>	<u>(19.028)</u>

12. SHAREHOLDERS' EQUITY

The following are the equity movements during the periods:

	Paid-in capital ThUS\$	Reserve for technical revaluation ThUS\$	Retained earnings ThUS\$	Interim dividend ThUS\$	Net income for the period ThUS\$	Total ThUS\$
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 period					75.962	75.962
Balance at September 30, 2008	78.422	219		(70.000)	75.962	84.603
Balance at January 1, 2009	78.422	219		(70.000)	34.146	42.787
Transfer 2008 net income (a)	(35.854)			70.000	(34.146)	
Net income for the period					15.919	15.919
Balance at September 30, 2009	42.568	219			15.919	58.706

- (a) Because of the fixed asset write-off mentioned in Note 7 (a), profits at December 31, 2008 are less than the interim dividends distributed in 2008. In this regard, and according to Article 10 of the Ley de Sociedades Anónimas (*Law of Corporations*), Capital and Share Value will be legally modified when the Ordinary Shareholders Meeting approves the balance sheet for the year. Because of this, and according to the Ley de Sociedades Anónimas (*Law of Corporations*), corporate capital is legally reduced to US\$42,568,327.04.

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.

In the Ordinary Shareholders Meeting held on April 28, 2009, the assisting shareholders unanimously agreed: a) prove and ratify the decision made by the Board , that agreed the distribution to the shareholders of a interim dividend of US\$35 million, at the rate of US\$1.334889229 per share with charge to 2008 net income, which were paid on June 05, 2008; b) approve and ratify the decision made by the Board to distribute to the shareholders an interim dividend of US\$35 million, at the rate of US\$1.334889229 per share with charge to 2008 net income, which were paid on September 30, 2008.

13. OTHER INCOME AND EXPENSES

a. Other income:

	2009 ThUS\$	2008 ThUS\$
Rental income	371	403
Net income from sale of fixed assets	630	114
Sea Terminal service	311	287
Income from 2007, earthquake insurance	4.965	
Other income	110	807
	<u>6.387</u>	<u>1.611</u>
Total	<u><u>6.387</u></u>	<u><u>1.611</u></u>

b. Other expenses:

	2009 ThUS\$	2008 ThUS\$
Loss from 2007, earthquake	1.828	
Other expenses	28	27
	<u>1.856</u>	<u>27</u>
Total	<u><u>1.856</u></u>	<u><u>27</u></u>

14. FUTURE OPERATIONS AND OPTIONS

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

a. Outstanding positions at September 30, 2009:

At September 30, 2009, the Company holds Min-Max options for 29.175MT, and price-setting futures contracts with monthly maturities, from October 2009 to December, 2010. These options have a floor of US\$1,74 and a cap of US\$2,22 per pound of fine copper.

At September 30, 2009, the Company has Futures Contracts (price-setting) for MT10.400, with maturities for MT200 from October to December 2009 at a fixed price of US\$1,60;

MT1,000 in January 2010 at a fixed price of US\$1,93; and MT800 from February to December 2010 at a fixed price of US\$2,01.

Open operations at September 30, 2009

At September 30, 2009 the Company has a price forward contract (COMEX / LME switch trading) for 330 MT, maturing in October 2009, with an average fixed COMEX price of US\$6,470, and an average LME price of US\$6,472 for MT of fine copper.

b. Outstanding positions at September 30, 2008:

At September 30, 2008 the Company holds Min-Max options for 8.650 MT, with monthly maturities, from October to December, 2008. These options have a floor of US\$2,92 per pound of fine copper and a cap of US\$4,08 per pound of fine copper.

c. Result of operations that matured during the period:

September 30, 2009	Gain ThUS\$	Loss ThUS\$	Total ThUS\$
Price-setting contracts	5		5
Options	<u>5</u>	<u>(24.043)</u>	<u>(24.043)</u>
Total	<u><u>5</u></u>	<u><u>(24.043)</u></u>	<u><u>(24.038)</u></u>
September 30, 2008	Gain ThUS\$	Loss ThUS\$	Total ThUS\$
Options	<u>72</u>	<u>(7.961)</u>	<u>(7.889)</u>
Total	<u><u>72</u></u>	<u><u>(7.961)</u></u>	<u><u>(7.889)</u></u>

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

15. CONTINGENCIES AND CHARGES AND WARRANTIES

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.

On February 19, 2009, the Royal Sun Alliance Insurance Company, with the report issued by the designated insurance liquidator, proceeded to make the final liquidation of the claim and determined the payment of a final indemnity of ThUS\$6,078. Consequently, between March 12 and 24, 2009, the Company received ThUS\$4,078, in payment for the balance of the total indemnity.

16. SUBSEQUENT EVENTS

Between October 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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