

**MINERA EL TESORO**  
AUDITED FINANCIAL STATEMENTS  
FOR THE FULL YEAR ENDED 31 DECEMBER 2009 AND 2008

(TRANSLATION FROM SPANISH VERSION TO BE  
FILED WITH SUPERINTENDENCIA DE VALORES Y SEGUROS  
DE CHILE 25<sup>TH</sup> MARCH 2010)

## **MINERA EL TESORO**

Financial statements for the years  
ended December 31, 2009 and 2008  
and independent auditors' report - SVS

## INDEPENDENT AUDITORS' REPORT

To the Shareholders of  
Minera El Tesoro

We have audited the accompanying balance sheets of Minera El Tesoro as of December 31, 2009, and 2008 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 El Tesoro. 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 El Tesoro at December 31, 2009 and 2008 and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in Chile.

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



February 5, 2010

## MINERA EL TESORO

BALANCE SHEETS AT DECEMBER 31, 2009 AND 2008  
(In thousands of US Dollars - ThUS\$)

<b>ASSETS</b>	<b>2009</b> ThUS\$	<b>2008</b> ThUS\$
<b>CURRENT ASSETS:</b>		
Cash at banks and in hand	67	2,940
Time deposits	91,514	168,641
Marketable securities	5,160	
Trade debtors, net	69,692	29,343
Sundry debtors	5,563	13,036
Accounts receivable from related companies	34,093	1,984
Inventories	129,748	44,144
Recoverable taxes	9,022	22,567
Prepaid expenses	2,976	2,809
Other current assets	37	37
	<u>347,872</u>	<u>285,501</u>
<b>FIXED ASSETS:</b>		
Land	301	301
Mining properties	241,529	241,529
Construction and infrastructure	190,625	162,000
Machinery and equipment	151,907	150,057
Other fixed assets	62,680	122,510
	<u>647,042</u>	<u>676,397</u>
Subtotal	647,042	676,397
Less: Accumulated depreciation and amortization	<u>(233,803)</u>	<u>(156,821)</u>
	<u>413,239</u>	<u>519,576</u>
<b>OTHER ASSETS:</b>		
Accounts receivable from related company	129,392	90,000
Mine development costs - net	128,506	63,225
Others	5,080	4,472
	<u>262,978</u>	<u>157,697</u>
<b>TOTAL ASSETS</b>	<u><u>1,024,089</u></u>	<u><u>962,774</u></u>

The accompanying notes are an integral part of these financial statements

<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>2009</b> ThUS\$	<b>2008</b> ThUS\$
<b>CURRENT LIABILITIES:</b>		
Accounts payable	15,852	19,338
Leasing obligations, current portion	154	133
Accounts payable to related companies	2,627	1,361
Accruals and withholdings	38,289	30,408
Deferred taxes	6,391	378
Total current liabilities	<u>63,313</u>	<u>51,618</u>
<b>LONG-TERM LIABILITIES:</b>		
Leasing obligations	138	287
Accruals	17,739	8,497
Deferred taxes	52,305	52,404
Total long-term liabilities	<u>70,182</u>	<u>61,188</u>
<b>SHAREHOLDERS' EQUITY:</b>		
Paid-in capital	90,995	90,995
Retained earnings	658,973	511,677
Net income for the year	140,626	247,296
Total shareholders' equity	<u>890,594</u>	<u>849,968</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<u><u>1,024,089</u></u>	<u><u>962,774</u></u>

## MINERA EL TESORO

### STATEMENTS OF INCOME FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008 (In thousands of US Dollars - ThUS\$)

	<b>2009</b> ThUS\$	<b>2008</b> ThUS\$
REVENUES	485,585	632,420
COST OF SALES	<u>(291,966)</u>	<u>(292,543)</u>
GROSS MARGIN	193,619	339,877
ADMINISTRATIVE AND SELLING EXPENSES	<u>(31,471)</u>	<u>(35,735)</u>
OPERATING INCOME	<u>162,148</u>	<u>304,142</u>
OTHER INCOME (EXPENSES):		
Financial income	4,858	15,384
Other income	1,062	1,980
Financial expenses	(570)	(826)
Other expenses	(2,120)	(2,121)
Exchange differences	<u>10,785</u>	<u>(5,526)</u>
Other income - net	<u>14,015</u>	<u>8,891</u>
INCOME BEFORE INCOME TAX	176,163	313,033
INCOME TAX	<u>(35,537)</u>	<u>(65,737)</u>
NET INCOME FOR THE YEAR	<u><u>140,626</u></u>	<u><u>247,296</u></u>

The accompanying notes are an integral part of these financial statement

**MINERA EL TESORO**STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008  
(In thousands of US Dollars - ThUS\$)

	<b>2009</b>	<b>2008</b>
	ThUS\$	ThUS\$
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net income for the year	140,626	247,296
Charges (credits) to income which do not represent cash flows:		
Depreciation and amortization	77,226	33,136
Deferred taxes	5,914	18,362
Exchange differences	(10,785)	5,526
Closure mine provision	383	5,365
Interest Income Subordinated Loan	(2,109)	
(Increase) decrease in operational assets:		
Trade debtors, net	(40,349)	26,251
Sundry debtors and others	7,306	(5,061)
Inventories	(69,807)	(7,163)
Recoverable taxes	13,695	(17,641)
Other assets	(758)	(6,745)
Increase (decrease) in operational liabilities:		
Accounts payable	(3,486)	(2,576)
Accounts payable to related companies - net	34,515	(92,327)
Income tax payable		(3,659)
Accruals and withholdings	17,123	3,625
Net cash provided by operating activities	<u>169,494</u>	<u>204,389</u>
<b>CASH FLOW FROM INVESTMENT ACTIVITIES:</b>		
Other loans to related companies	(100,000)	
Purchase of fixed asset	(28,537)	(52,501)
Incorporation of development costs, net	(15,797)	(71,076)
Incorporation of mining claims, water rights		(200,510)
Net cash used in investment activities	<u>(144,334)</u>	<u>(324,087)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Payment of dividends	(100,000)	(228,973)
Payment senior debt		(14,000)
Net cash used in financing activities	<u>(100,000)</u>	<u>(242,973)</u>
<b>NET NEGATIVE CASH FLOW FOR THE YEAR</b>	<b>(74,840)</b>	<b>(362,671)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>171,581</b>	<b>534,252</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>96,741</u></b>	<b><u>171,581</u></b>
<b>COMPLEMENTARY INFORMATION</b>	<b>ThUS\$</b>	
Decommissioning cost of fixed assets	7,633	

The accompanying notes are an integral part of these financial statements

## MINERA EL TESORO

### NOTES TO THE FINANCIAL STATEMENTS

(In thousand of US dollars - ThUS\$)

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#### 1. INCORPORATION 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 started its exploitation stage on July 1, 2001.

According to the requirements of Law 20.026 on the Specific Mining Tax published in the Official Gazette of June 16, 2005, and the relevant regulations issued by the Superintendence of Securities and Insurance ("SVS") through its Exempt Resolutions N°549 of September 23, 2005 and N° 39 of February 3, 2006, the Company shall deliver its Audited Quarterly and Annual Financial Statements, and an Annual Report, to the SVS, in the manner and at the time stipulated in such Resolutions.

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**a. 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 December 31, 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 year were translated into US dollars at the observed exchange rate published by the Chilean Central Bank of \$507.10 per US\$1 in 2009 (\$636.45 per US\$1 in 2008).

Exchange differences and adjustments are recognized in results for the year.

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

**d. Marketable securities** - Marketable securities include investments in debt instruments registered in the Foreign 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. Income tax and deferred taxes** - The Company calculates its liabilities for First Category income tax and specific mining tax based on the net taxable income and operating taxable income, respectively, determined in accordance with current regulations. The effects of deferred taxes on temporary differences, tax losses and other events giving rise to differences between the accounting and tax base of assets and liabilities are recorded according to standards established in Technical Bulletins N°60 and their complements of the Chilean Institute of Accountants.

**i. 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, to cover the variation experienced by the price of copper. As these contracts were defined as coverage of expected transactions, the unrealized result at the end of the periods has been deferred, as established by Technical Bulletin N°57 of the Chilean Institute of Accountants (Note 12).

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

**k. Severance indemnity** - Severance indemnity, including the benefit contracted as well as the contractual benefit resulting from mine closure, has been accrued for all its 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%.

**l. 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.

**m. 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.

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

**o. Reclassifications** - For comparative purposes, certain reclassifications have been made in the financial statements at December 31, 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 the recognition of an asset with a value at December 31, 2009 of ThUS\$7,633, which is stated in Other Fixed Assets (Note 8) and will be depreciated using the straight line method until December 31, 2019. Restoration or remediation cost, which is considered an administrative expense in the period in which it is incurred or accrued and, at December 31, 2009, represents a value of ThUS\$724.

The closure study implied a change in the discount rate used to value the provision the provision, which dropped from 6.5% to 2.74% (average TIP over the last 12.5 years). This generated a ThUS\$282 credit to financial costs at December 31, 2009.

### 4. TIME DEPOSITS

This item includes time deposits as follows:

#### Time deposits

	<b>Currency</b>	<b>2009</b> ThUS\$	<b>2008</b> ThUS\$
Time deposits overseas	US\$		16,460
Local financial investments	Ch\$		140,173
	US\$	<u>91,514</u>	<u>12,008</u>
Total time deposits		<u><u>91,514</u></u>	<u><u>168,641</u></u>

### 5. MARKETABLE SECURITIES

The detail of investments in marketable securities is as follows:

	<b>2009</b> ThUS\$	<b>2008</b> ThUS\$
Mutual Funds- Banco Estado	<u>5,160</u>	<u><u>          </u></u>

## 6. TRADE DEBTORS, NET

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

	<b>2009</b> ThUS\$	<b>2008</b> ThUS\$
<b>Foreign clients:</b>		
Europe	27,647	12,519
Latin America	11,474	4,729
Asia Pacific	24,828	8,190
North America	3,780	1,601
	<u>67,729</u>	<u>27,039</u>
Total foreign clients		
	<u>67,729</u>	<u>27,039</u>
<b>Domestic clients:</b>	1,963	2,304
	<u>1,963</u>	<u>2,304</u>
Total	<u><u>69,692</u></u>	<u><u>29,343</u></u>

## 7. INVENTORIES

Inventories of the Company are as follows:

	<b>2009</b> ThUS\$	<b>2008</b> ThUS\$
Finished products	9,469	7,355
Products in process	106,117	25,285
Materials, raw materials and parts	14,162	11,504
	<u>129,748</u>	<u>44,144</u>
Total	<u><u>129,748</u></u>	<u><u>44,144</u></u>

## 8. FIXED ASSETS

Fixed assets are stated as mentioned in Note 2f. The detail is as follows:

	<b>2009</b> ThUS\$	<b>2008</b> ThUS\$
<b>Land</b>	<u>301</u>	<u>301</u>
<b>Mining properties (a)</b>	<u>241,529</u>	<u>241,529</u>
<b>Construction and infrastructure:</b>		
Facilities	128,034	99,512
Buildings and construction	28,840	28,737
Infrastructure	<u>33,751</u>	<u>33,751</u>
Total buildings and infrastructure	<u>190,625</u>	<u>162,000</u>
<b>Machinery and equipment:</b>		
Machinery and equipment	56,438	55,714
Mobile equipment	85,390	84,264
Minor equipment	4,595	4,595
Auxiliary equipment	<u>5,484</u>	<u>5,484</u>
Total machinery and equipment	<u>151,907</u>	<u>150,057</u>
<b>Other fixed assets:</b>		
Equipment	12,152	10,294
Computer equipment, software and hardware	908	908
Furniture	87	87
Leased assets	457	453
Construction in progress	1,577	2,056
Ongoing projects (b)	39,866	107,180
Active cost mine site closure (c )	<u>7,633</u>	<u>1,532</u>
Total other fixed assets	<u>62,680</u>	<u>122,510</u>
Total fixed assets, gross	<u>647,042</u>	<u>676,397</u>
<b>Total accumulated depreciation and amortization</b>	<u>(233,803)</u>	<u>(156,821)</u>
Total fixed assets, net	<u><u>413,239</u></u>	<u><u>519,576</u></u>

- (a) During the first semester of 2009, the Company acquired mining properties from Antofagasta Minerals S.A. for ThUS\$195.000 and water rights for ThUS\$5.510 (Note 9) for the development of a new open pit project, Tesoro Noreste.

- (b) The projects in progress mainly include the ROM piles, where the extracted ore comes from the related company Minera Esperanza.
- (c) This amount corresponds to the recognition of fixed asset dismantling that has its origin in the change in the accounting estimate of the mine closure cost provision (Note 3).

#### 9. MINE DEVELOPMENT COSTS - NET

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

	<b>2009</b>	<b>2008</b>
	ThUS\$	ThUS\$
<b>Mine development costs:</b>		
Project expenses	55,057	55,057
Financing	23,830	23,830
Development expenses property contribution	15,713	15,713
Preinvestment expenses	7,560	7,560
Preoperating expenses	10,879	10,879
Water rights	5,510	5,510
Trademarks, patents	2,364	2,364
Pre-operational expenses ROM	1,068	
Pre-operational expenses Tesoro Noreste	93,005	
	<u>214,986</u>	<u>120,913</u>
Total mine development costs, gross		
	<u>(86,480)</u>	<u>(57,688)</u>
Accumulated amortization		
Total mine development costs, net	<u><u>128,506</u></u>	<u><u>63,225</u></u>

## 10. ACCRUALS AND WITHHOLDINGS

This detail of this item is as follows:

	<b>2009</b> ThUS\$	<b>2008</b> ThUS\$
<b>Short-term:</b>		
Operations	30,569	25,961
Freight, insurance, export commissions	<u>1,721</u>	<u>672</u>
Subtotal accruals	32,290	26,633
Withholdings	<u>5,999</u>	<u>3,775</u>
Total short-term	<u><u>38,289</u></u>	<u><u>30,408</u></u>
<b>Long-term:</b>		
Severance indemnity	7,076	5,112
Mine closure (Note 3)	<u>10,663</u>	<u>3,385</u>
Total long-term	<u><u>17,739</u></u>	<u><u>8,497</u></u>

## 11. INCOME TAX AND DEFERRED TAXES

### a. Recoverable taxes

The balance of recoverable taxes is as follows:

	<b>2009</b> ThUS\$	<b>2008</b> ThUS\$
<b>Current assets:</b>		
VAT Credit (net)	6,574	7,223
Monthly provisional payments (net)	1,219	13,806
Other monthly and annual refundable credits	<u>1,229</u>	<u>1,538</u>
Total short-term	<u><u>9,022</u></u>	<u><u>22,567</u></u>
<b>Other assets:</b>		
Additional tax for technical advisory services	1,042	830
Long-term tax credits	<u>351</u>	<u>713</u>
Total long-term	<u><u>1,393</u></u>	<u><u>1,543</u></u>

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

The long-term tax recoverable is included in Others under Other long-term assets.

## b. Income tax

The provision for first category income tax at December 31, 2009 and 2008 was calculated based on net taxable income of ThUS\$137,371 (ThUS\$194,400 in 2008), determined in agreement with the Income Law. The Company provided for mining specific tax provision, calculated on the basis of operating taxable income of ThUS\$165,825 (ThUS\$263,950 in 2008).

At December 31, 2009 and 2008, the income tax and specific mining tax provisions are classified as recoverable taxes under current assets, net of monthly provisional payments and other credits.

	2009 ThUS\$	2008 ThUS\$
Income tax provision for the year	23,353	33,048
Specific mining tax provision	6,633	10,558
Monthly provisional payments - First category tax	(19,171)	(33,048)
Monthly provisional payments - Specific mining tax	(10,172)	(10,558)
Other credits	(643)	-
	<u>-</u>	<u>-</u>
Total income tax payable	<u>-</u>	<u>-</u>

## c. Deferred taxes

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

	2009				2008			
	Assets		Liabilities		Assets		Liabilities	
	Short term ThUS\$	Long term ThUS\$	Short term ThUS\$	Long term ThUS\$	Short term ThUS\$	Long term ThUS\$	Short term ThUS\$	Long term ThUS\$
<b>Temporary differences</b>								
Vacation accrual	334				273			
Bonus accrual	575				488			
Severance indemnity		679				475		
Accrual for mine closure, net		638				450		
Accruals and others	852	108			138	136		
Indirect manufacturing costs			8,007				1,234	
Depreciation of fixed assets				30,337				26,693
Preoperating expenses				23,242				26,419
Specific mining tax			145	151			43	353
Balance at December 31	<u>1,761</u>	<u>1,425</u>	<u>8,152</u>	<u>53,730</u>	<u>899</u>	<u>1,061</u>	<u>1,277</u>	<u>53,465</u>

The net balances of short-term deferred taxes of ThUS\$6,391 (ThUS\$378 in 2008), and long-term deferred taxes for ThUS\$52,305 (ThUS\$52,404 in 2008), are presented in current liabilities and long-term liabilities, respectively.

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

	<b>2009</b>	<b>2008</b>
	ThUS\$	ThUS\$
<b>Current tax expense:</b>		
Income tax	23,353	33,048
Surplus provision for prior year income tax	2,329	(220)
Specific mining tax	6,633	10,558
Surplus provision for prior year specific mining tax	430	(73)
Exchange differences	(3,122)	4,062
<b>Deferred taxes:</b>		
Changes in deferred taxes	<u>5,914</u>	<u>18,362</u>
Total	<u>35,537</u>	<u>65,737</u>

## 12. COPPER PRICE FUTURES CONTRACTS

### a. Copper Price futures contracts

In 2008 and 2009, various contracts for future COMEX price base sales and future LME price base purchases were entered into for 6.000 tons. The tonnage corresponds to the sale contract with the client Southwire in the United States, whose price is referenced to the COMEX price, but which the Company references to the LME price through this arbitrage.

#### **Open operations at December 31, 2009:**

At December 31, 2009, the Company maintains five forward price contracts (COMEX/LME arbitration) for 6.500 MT, expiring in January, 2011, with an average fixed COMEX price of US\$6,154, and an average fixed LME price of US\$6,111, per ton of fine copper.

The mark to market of these contracts implies an unrealized income of ThUS\$116.

### b. Options

In April, 2007, the Company entered 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.

At December 31, 2009, de Company has no Min-Max fine copper options.

c. **The result of operations realized during the year:**

<b>Operations</b>	<b>2009</b> ThUS\$	<b>2008</b> ThUS\$
Mix-Max Options	(19,935)	15,847
COMEX/ LME Arbitration	<u>(32)</u>	<u>297</u>
Operating (loss) income	<u><u>(19,967)</u></u>	<u><u>16,144</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:

	<b>Paid-in capital</b> ThUS\$	<b>Retained earnings</b> ThUS\$	<b>Net income for the year</b> ThUS\$	<b>Total shareholders' equity</b> ThUS\$
Balance at January 1, 2008	90,995	401,139	339,511	831,645
Transfer of income		339,511	(339,511)	
Dividends		(228,973)		(228,973)
Net income for the year			247,296	247,296
Balance at December 31, 2008	<u>90,995</u>	<u>511,677</u>	<u>247,296</u>	<u>849,968</u>
Balance at January 1, 2009	90,995	511,677	247,296	849,968
Transfer of income		247,296	(247,296)	
Dividends		(100,000)		(100,000)
Net income for the year			140,626	140,626
Balance at December 31, 2009	<u>90,995</u>	<u>658,973</u>	<u>140,626</u>	<u>890,594</u>

b. In extraordinary Shareholders Meeting held on July 24, 2008, it was unanimously agreed to distribute final dividends of US\$228,973,420.00 at the rate of US\$2,516.36, which was paid to the Shareholders from July 25, 2008 onward.

c. In extraordinary Shareholders Meeting held on November 25, 2009, it was unanimously agreed to distribute final dividends of US\$100,000,000.00 at the rate of US\$1,098.96, which was paid to the Shareholders from November 26, 2009 onward.

- d. At December 31, 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
Compañía Contractual Minera Leonor	35,488	39
Marubeni Lp Holding B V	<u>27,298</u>	<u>30</u>
Total	<u><u>90,995</u></u>	<u><u>100</u></u>

On August 20, 2008, Antofagasta Minerals S.A. sold 27.298,314 shares to Marubeni Lp Holding BV (Ex-Sierra Gorda Mining Investment BV).

#### 14. BALANCES AND TRANSACTIONS WITH RELATED COMPANIES

##### a. Accounts receivable - short-term

Company	Relationship	2009 ThUS\$	2008 ThUS\$
Antofagasta Minerals S.A.	Parent	95	224
Minera Esperanza	Indirect	33,985	344
Minera Michilla S.A.	Indirect	<u>13</u>	<u>1,416</u>
Total		<u><u>34,093</u></u>	<u><u>1,984</u></u>

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

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

Company	Relationship	Description	2009 ThUS\$	2008 ThUS\$
Minera Esperanza	Indirect	Subordinated Debt	102,109	
Minera Esperanza	Indirect	Advance for ore	<u>27,283</u>	<u>90,000</u>
Total			<u><u>129,392</u></u>	<u><u>90,000</u></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.

On July 7, 2009 and August 17, 2009 Minera El Tesoro provided subordinated debt of ThUS\$80,000 and ThUS\$20,000 for a loan to the related company Minera Esperanza as agreed by the Board of Directors on May 14, 2009. These loans are denominated in US dollars, are a long term loan and accrue a 180 day-Libor interest rate plus an initial spread of 3.75%.

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

<b>Company</b>	<b>Relationship</b>	<b>2009</b> ThUS\$	<b>2008</b> ThUS\$
Antofagasta Minerals S.A.	Parent	201	(67)
Minera Michilla S.A.	Indirect	128	290
Minera Esperanza	Indirect	354	
Aguas de Antofagasta S.A.	Indirect	522	85
Transportes Integrados S.A.	Indirect	464	
Antofagasta Railway Company Plc. (Agencia en Chile)	Indirect	<u>958</u>	<u>1,053</u>
Total		<u><u>2,627</u></u>	<u><u>1,361</u></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 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	2,182	1,834	2,467	2,073
		Reimbursement of expenses			16	
		Payment of dividend	31,000		139,673	
		AMSA project services	337	(283)	402	(338)
		Compra pertenencias y derechos			200,510	
Compañía Contractural Minera Leonor	Shareholder	Royalties	8,286	8,286	13,005	13,005
		Final dividend	39,000		89,300	
Marubeni Lp Holding BV.	Shareholder	Final dividend	30,000			
Minera Michilla S.A.	Indirect	Purchase of supplies	3,457	2,905	5,398	4,536
		Sale of supplies	4,519	(3,797)	4,694	(4,350)
		Lease of terminal	616	517	597	502
		Miscellaneous	5	4	3	2
Minera Esperanza	Indirect	Sundry services	1,558	(1,309)	1,357	(1,140)
		Advance of minerals			90,000	
		Purchase of ore	34,406			
		Subordinated Debt	100,000			
		Accrued Interest	2,109	(2,109)		
Minera Los Pelambres	Indirect	Outsourcing services	168	141	200	168
		Sale of supplies			89	(75)
Antofagasta Railway Company Plc. (Agencia en Chile)	Indirect	Transportation	10,807	9,082	14,040	11,798
Aguas de Antofagasta S.A.	Indirect	Water	6,852	5,758	926	85
Banco de Chile	Indirect	Bank expenses	52	44	96	81
		Loans	157,112	(212)	123,387	(395)
Artikos	Indirect	Administrative services	36	13	44	37
Madeco Brass Mill	Indirect	Supplies	36	12	131	110
Other related	Indirect	Others	120	101	581	500

## 15. OTHER INCOME AND EXPENSES

At December 31 of each year, the detail is as follows:

	<b>2009</b> ThUS\$	<b>2008</b> ThUS\$
<b>Other income:</b>		
Sales and extraordinary services	611	1,844
Indemnities received	<u>451</u>	<u>136</u>
Total	<u><u>1,062</u></u>	<u><u>1,980</u></u>
<b>Other expenses:</b>		
Disposal of damaged fixed assets	879	
Cost of sales and extraordinary services	231	729
Donations	757	1,199
Forgiving of housing loan	135	184
Obsolescence and uncollective account	118	
Others		<u>9</u>
Total	<u><u>2,120</u></u>	<u><u>2,121</u></u>

## 16. CONTINGENCIES, COMMITMENTS AND GUARANTEES

- a. The Company has deposits in guarantee for ThUS\$33 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\$1,042, case number 7889-2004, which is in the second instance in the court of appeal. It also has a dispute for a ThUS\$33 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 Bord of Directors of the Company approved the subordinated loan of ThUS\$100.000 to the related company Minera Esperanza, in order to finance part of the Esperanza project (Note 14b).

## 17. SUBSEQUENT EVENTS

Between January 1 and February 5, 2010, 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.

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