

MINERA MICHILLA S.A.
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 25TH MARCH 2010)

MINERA MICHILLA S.A.

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

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, 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 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, 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.

As is mentioned in Note 7, 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.

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



February 5, 2010

MINERA MICHILLA S.A.**BALANCE SHEETS AT DECEMBER 31, 2009 AND 2008**
(In thousands of US dollars -ThUS\$)

ASSETS	2009 ThUS\$	2008 ThUS\$
CURRENT ASSETS:		
Cash at bank and in hand	138	127
Time deposits	36,614	35,903
Marketable securities	3,463	692
Trade debtors, net	16,885	6,924
Sundry debtors	5,068	16,329
Accounts receivable from related companies	296	1,062
Inventories	26,236	16,624
Refundable taxes	5,698	8,983
Prepaid expenses	517	531
Deferred taxes	991	1,287
Other current assets	11	11
Total current assets	95,917	88,473
FIXED ASSETS:		
Mining properties	13,622	13,622
Construction and infrastructure	77,800	74,653
Machinery and equipment	86,466	86,075
Other fixed assets	122,957	108,031
Technical revaluation of fixed assets	4,104	4,104
Accumulated depreciation and amortization	(254,279)	(249,632)
Impairment of fixed assets	(33,512)	(36,853)
Total fixed assets, net	17,158	-
OTHERS:		
Investments in other companies	66	78
Long-term debtors	15	15
Deferred taxes	7,478	2,862
Others	310	177
Total other assets	7,869	3,132
TOTAL ASSETS	120,944	91,605

The accompanying notes form an integral part of these financial statements

LIABILITIES AND SHAREHOLDERS' EQUITY	2009 ThUS\$	2008 ThUS\$
CURRENT LIABILITIES:		
Accounts payable	19,295	20,924
Sundry creditors	1,486	
Accounts payable to related companies	220	2,723
Accruals and withholdings	<u>12,877</u>	<u>17,016</u>
Total current liabilities	<u>33,878</u>	<u>40,663</u>
LONG TERM LIABILITIES:		
Accruals	<u>21,746</u>	<u>8,155</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 year	<u>22,533</u>	<u>34,146</u>
Total shareholders' equity	<u>65,320</u>	<u>42,787</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u><u>120,944</u></u>	<u><u>91,605</u></u>

MINERA MICHILLA S.A.**STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
(In thousands of US dollars -ThUS\$)**

	2009 ThUS\$	2008 ThUS\$
OPERATING REVENUE	170,298	332,540
OPERATING COSTS	<u>(137,875)</u>	<u>(222,989)</u>
OPERATING MARGIN	32,423	109,551
ADMINISTRATIVE AND SELLING EXPENSES	<u>(16,502)</u>	<u>(19,072)</u>
OPERATING INCOME	<u>15,921</u>	<u>90,479</u>
OTHER INCOME (EXPENSES):		
Financial income	262	1,905
Other income	6,536	1,171
Financial expenses	(121)	(55)
Other expenses	(1,857)	(37,623)
Exchange differences	<u>(682)</u>	<u>(4,862)</u>
OTHER INCOME (EXPENSES)	<u>4,138</u>	<u>(39,464)</u>
INCOME BEFORE INCOME TAX	20,059	51,015
INCOME TAX	<u>2,474</u>	<u>(16,869)</u>
NET INCOME FOR THE YEAR	<u><u>22,533</u></u>	<u><u>34,146</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, 2009 AND 2008
(In thousands of US dollars -ThUS\$)**

	2009	2008
	ThUS\$	ThUS\$
CASH FLOW FROM OPERATING ACTIVITIES:		
Net income for the year	22,533	34,146
Gain on sale of assets	(630)	(235)
Charges to income that do not represent cash flows:		
Depreciation	478	12,690
Amortization	5,460	13,218
Exchange differences	682	4,862
Write-offs and accruals	4,912	39,609
Other charges to income that do not represent cash flows	28	11
Decrease (increase) in operational assets:		
Trade debtors, net	(9,961)	14,722
Accounts receivable from related companies	766	(6,104)
Inventories	(9,612)	(312)
Deferred taxes	(4,320)	(2,220)
Other assets	12,953	(13,621)
Increase (decrease) in operational liabilities:		
Accounts payable and sundry creditors	(7,823)	12,758
Accounts payable to related companies	(2,503)	
Value added tax and other similar taxes payable	1,486	(8,960)
Net cash provided by operating activities	<u>14,449</u>	<u>100,564</u>
CASH FLOW FROM INVESTMENT ACTIVITIES:	310	
Sale of fixed assets	1,291	235
Purchase of fixed assets	<u>(12,247)</u>	<u>(19,355)</u>
Net cash used in investment activities	<u>(10,646)</u>	<u>(19,120)</u>
CASH FLOW FROM FINANCING ACTIVITIES:		
Dividend Paid	<u> </u>	<u>(87,825)</u>
NET POSITIVE (NEGATIVE) CASH FLOW FOR THE YEAR	3,803	(6,381)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>36,722</u>	<u>43,103</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>40,525</u></u>	<u><u>36,722</u></u>
COMPLEMENTARY INFORMATION	ThUS\$	
Decommissioning cost of fixed assets (Note 3)	10,918	

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. INCORPORATION NATURE OF THE COMPANY'S OPERATIONS

The Company was incorporated 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 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.

In 2008, due to the current market conditions, the Company had to modify its mining and business plan. The continuity of the Company's operations 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 next years.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of presentation - The financial statements at December 31, 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 year - end exchange rate of Ch\$507.10 per US\$1 (December 31, 2008: \$636.45 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 the 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.

As is explained more extensively in Note 1 and Note 7, in 2008, 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 of 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 and specific mining tax Law.

Deferred taxes on temporary differences, tax losses and other events that 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 2.74% (6.5% in 2008) and pursuant to the corporate policies and environmental obligations subscribed with government organizations, and are presented in long-liabilities under the Accruals item.

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

o. Derivative contracts - The Company has entered into Mix-Max derivative contracts and price-setting futures contracts to cover the variation of the price of copper, and copper forward contracts based on COMEX price and a forward contract based on 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 Accountant.

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.

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 of ThUS\$10,918 which is presented in Other Fixed Assets (Note 7) and will be depreciated using the straight line method, 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 December 31, 2009, represents a value of ThUS\$459.

4. TIME DEPOSITS

The detail is as follows:

	Currency	2009 ThUS\$	2008 ThUS\$
Time deposits overseas	US\$		30,900
Time deposits local	US\$	<u>36,614</u>	<u>5,003</u>
Total		<u><u>36,614</u></u>	<u><u>35,903</u></u>

5. TRADE DEBTORS, NET

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

	2009 ThUS\$	2008 ThUS\$
Europe	8,994	3,207
Asia Pacific	473	3,717
North America	7,410	
Latin America	<u>8</u>	<u></u>
Total	<u><u>16,885</u></u>	<u><u>6,924</u></u>

6. INVENTORIES

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

	2009 ThUS\$	2008 ThUS\$
Products in process	13,182	5,930
Supplies and materials	4,922	7,291
Finished products	<u>8,132</u>	<u>3,403</u>
Total	<u><u>26,236</u></u>	<u><u>16,624</u></u>

7. FIXED ASSETS

Fixed assets are stated as indicated in Note 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>77,800</u>	<u>74,653</u>
Machinery and equipment	<u>86,466</u>	<u>86,075</u>
Other fixed assets:		
Investments in development and prospecting	99,304	96,048
Furniture and fixtures, equipment	3,948	3,948
Works in progress	5,087	6,395
Leased assets (b)	2,426	
Other fixed assets (Note 3)	<u>12,192</u>	<u>1,640</u>
Total other fixed assets	122,957	108,031
Fixed asset technical revaluation	<u>4,104</u>	<u>4,104</u>
Total fixed assets - gross	<u>304,949</u>	<u>286,485</u>
Accumulated depreciation	(145,445)	(134,056)
Depreciation for the year	(478)	(12,680)
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 year	<u>(5,460)</u>	<u>(13,218)</u>
Total accumulated depreciation and amortization	(254,279)	(249,632)
Fixed asset write offs (a)	<u>(33,512)</u>	<u>(36,853)</u>
Total fixed assets - net	<u><u>17,158</u></u>	<u><u>-</u></u>

(a) At the end of 2008, the Company recorded a provision charged to Other expenses (Note 13b) for the write-off of its fixed assets for ThUS\$36,853, on the basis of the reevaluation of its mining plan. At December 31, 2009, the ThUS\$33,512 balance includes the reversal of the provision for earthquake damages which was liquidated in 2009 (Note 13a) and write-offs from the sale of fixed assets and the closure of projects.

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

8. ACCOUNTS PAYABLE

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

	2009 ThUS\$	2008 ThUS\$
Invoices payable	17,831	19,893
Withholdings to contractors	1,433	1,016
Others	31	15
Total	<u><u>19,295</u></u>	<u><u>20,924</u></u>

9. BALANCES AND TRANSACTIONS WITH RELATED COMPANIES

a. Accounts receivable from/payable to related companies:

	Type of relationship	2009 ThUS\$	2008 ThUS\$
Receivables			
Minera El Tesoro	Indirect	128	290
Antofagasta Minerals S.A.	Shareholder	1	25
Madeco S.A.	Indirecta		
Madeco Brass Mill	Indirect		683
Minera Esperanza	Indirect	163	61
Antofagasta Railway & Company Plc. (agencia en Chile)	Indirect	4	3
Total		<u><u>296</u></u>	<u><u>1,062</u></u>
Payables			
Antofagasta Minerals S.A.	Shareholder	23	1,064
Antofagasta Railway & Company Plc. (agencia en Chile)	Indirect	82	243
Minera El Tesoro	Indirect	13	1,416
Servicios de Transportes Integrados Ltda.	Indirect	102	
Total		<u><u>220</u></u>	<u><u>2,723</u></u>

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

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

Company	Relationship	Transaction	2009		2008	
			Amount of transaction ThUS\$	Effect on income charge (credit) ThUS\$	Amount of transaction ThUS\$	Effect on income charge (credit) ThUS\$
Antofagasta Minerals S.A.	Parent	Administrative services	1,428	1,200	1,428	1,200
		Expense refunds			5,819	4,890
		Recovery of expenses			113	77
		Rental income			100	(100)
		Rental expenses	153	128	9	7
		Payment of dividends			65,150	
Antofagasta Railway & Company PLC. (agencia en Chile)	Indirect	Transport services	1,371	1,152	2,296	1,930
		Recovery of expenses			8	8
		Rental income	4	(3)	2	(2)
Minera Los Pelambres	Indirect	Rental income			201	(201)
Madedo Brass Mill	Indirect	Copper sales	2,726	1,372	6,256	3,439
		Purchase of materials	1	1	314	264
Minera El Tesoro	Indirect	Sale of materials	3,457	(2,905)	5,398	(4,536)
		Purchase of materials	4,519	3,797	4,694	4,350
		Sea Terminal service	616	(517)	597	(502)
		Devolución de gastos		4		(2)
		Sundry	5	4	3	(2)
Minera Esperanza	Indirect	Administrative services	280	(235)	58	(49)
		Recovery of expenses			1	
		Rentals	4	(4)	3	(3)
Servicios de Transportes Integrados Ltda	Indirect	Transport service	102	86		
Cía. Inv. Adriático S.A.	Indirecta	Arriendo oficina		(29)		(301)
Banco de Chile	Indirect	Time deposits	68,400	(29)	36,012	(301)

10. ACCRUALS AND WITHHOLDINGS

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

	2009 ThUS\$	2008 ThUS\$
Monthly expenses accrual	530	824
Sundry US dollar accrual	10,386	11,027
Staff vacations accrual	1,258	1,018
Severance indemnity (a)		391
Withholdings payable	703	3,756
Total	12,877	17,016
Long term:		
Severance indemnity (a)	8,677	6,463
Mine closure (Note 3)	13,069	1,692
Total	21,746	8,155

(a) In 2008, the balance includes provisions related to the Lince mine closure, which is included in the mining plan reevaluation indicated in Note 7.

11. INCOME TAX AND DEFERRED TAXES

a. Refundable taxes

The balance at each period-end is as follows:

	2009 ThUS\$	2008 ThUS\$
VAT Recoverable	2,299	3,785
Income tax accrual and additional tax, special Tax Law Art. 21 Income Tax Law	(814)	(16,263)
Provisional monthly payments	4,065	19,907
Specific mining tax accrual	(1,079)	(3,333)
Provisional monthly specific mining tax payments	1,058	4,768
Sence training expenses and others	169	119
	<u>5,698</u>	<u>8,983</u>
Total	<u>5,698</u>	<u>8,983</u>

b. Income tax

At December 31, 2009, the Company has made an Income Tax provision of ThUS\$807 (ThUS\$16,242 in December 2008), calculated in conformity with the Income Tax Law.

The specific mining tax provision was ThUS\$1,079 (ThUS\$3,333 in December 2008).

At December 31, 2009 and 2008, the calculated Income Tax provision is presented in refundable taxes in current assets, net of monthly provisional payments, training credits and other credits.

c. Deferred taxes

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

	<u>2009</u>		<u>2008</u>	
	<u>Asset</u>	<u>Asset</u>	<u>Asset</u>	<u>Asset</u>
Temporary differences	Short term	Long term	Short term	Long term
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Provision for obsolete supplies	496		716	
Depreciation of fixed asset		3,183		334
Provision for vacations	214		173	
Provision for mine closure costs		2,673		1,384
Provision for leasing and others	281	164	398	164
Provision for impairment of fixed assets			6,265	
Others		1,458		980
Valuation allowance			(6,265)	
Total deferred taxes	<u>991</u>	<u>7,478</u>	<u>1,287</u>	<u>2,862</u>

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

	2009	2008
	ThUS\$	ThUS\$
Current tax expense		
Income tax	(807)	(16,242)
Additional tax, special Tax Law Art. 21 Income Tax Law	(7)	(21)
Specific mining tax	(1,079)	(3,333)
Surplus of prior year income tax	47	506
Deferred taxes		
Effect of the variation of assets and liabilities from deferred taxes	(2,423)	8,186
Valuation allowance	6,265	(6,265)
Effect of specific mining tax	478	300
	<u>2,474</u>	<u>(16,869)</u>
Total net credit (charge) to income	<u>2,474</u>	<u>(16,869)</u>

12. SHAREHOLDERS' EQUITY

The following are the equity movements during the years:

	Paid-in capital	Reserve for technical revaluation	Retained earnings	Interim dividend	Net income for the year	Total
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	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 year					34,146	34,146
	<u>78,422</u>	<u>219</u>		<u>(70,000)</u>	<u>34,146</u>	<u>42,787</u>
Balance at December 31, 2008	78,422	219		(70,000)	34,146	42,787
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 year					22,533	22,533
	<u>42,568</u>	<u>219</u>			<u>22,533</u>	<u>65,320</u>
Balance at December 31, 2009	42,568	219			22,533	65,320

(a) Because of the fixed asset write-off that mentioned in Note 7 (a), profits at December 31, 2008 are less than the interim dividends distributed in the year. 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*), paid – in capital was 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\$2,479,079,997 per share, (b) approve a dividend payment with charge to 2007 net income of US\$44 million, at US\$1,678,146,460 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 dividends paid by the Company to the shareholders with charge to 2007 net income are 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\$1,334,889,229 per share, with charge to 2008 net income, which was paid to the shareholders on June 5, 2008.

In Board Meeting N°313 of August 25, 2008, unanimously agreed to distribute an interim dividend of US\$35 million, at the rate US\$1,334,889,229 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) approve and ratify the decision made by the Board, that agreed the distribution to the shareholders of a interim dividend of US\$35million, at the rate of US\$1,334,889,229 per share with charge to 2008 net income, which was 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\$1.334,889,229 per share with charge to 2008 net income, which was paid on September 30, 2008.

13. OTHER INCOME AND EXPENSES

a. Other income:

	2009	2008
	ThUS\$	ThUS\$
Rental income	525	470
Net income from sale of fixed assets	630	235
Sea Terminal service	228	210
Income from 2007 earthquake insurance	4,965	
Other income	188	256
	<u>6,536</u>	<u>1,171</u>
Total	<u><u>6,536</u></u>	<u><u>1,171</u></u>

b. Other expenses:

	2009 ThUS\$	2008 ThUS\$
Fixed assets book value impairment adjustment (Note 7)		36,853
Loss from 2007, earthquake	1,828	
Other expenses	<u>29</u>	<u>770</u>
Total	<u><u>1,857</u></u>	<u><u>37,623</u></u>

14. FUTURE OPERATIONS AND OPTIONS

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

a. Outstanding positions at December 31, 2009:

At December 31, 2009, the Company holds Min-Max options for 22.200 MT, and price-setting futures contracts with monthly maturities, from January to December, 2010. These options have a floor of US\$1,8678 and a cap of US\$2,3775 per pound of fine copper.

The mark to market of these Min – Max contracts implies an unrealized income of US\$48.7 million.

At December 31, 2009 the Company has futures Contracts (price-setting) for 9.800MT, with maturities for 1.000MT in January 2010; and 800MT from February 2010 to December 2010, at fixed price of US\$1,9990 per pound of fine copper.

At December 31, 2009, the Company paid ThUS\$3,000 for margin calls, and maintains line of credit and Guarantees with bank for the support of its hedging operations.

The mark to market of these futures contracts implies an unrealized income of US\$29.3 million.

b. Outstanding positions at December 31, 2008:

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

c. Result of operations that matured during the year:

December 31, 2009	Gain ThUS\$	Loss ThUS\$	Total ThUS\$
Price - Setting Contracts	5	(8,074)	(8,069)
Options	<u> </u>	<u>(37,681)</u>	<u>(37,681)</u>
Total	<u> 5</u>	<u>(45,755)</u>	<u>(45,750)</u>
December 31, 2008	Gain ThUS\$	Loss ThUS\$	Total ThUS\$
Options	<u>21,875</u>	<u>(7,961)</u>	<u>13,914</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 liquidator, made 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 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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