

MINERA EL TESORO
UNAUDITED FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2010 AND 2009

(TRANSLATION FROM SPANISH VERSION TO BE
FILED WITH SUPERINTENDENCIA DE VALORES Y SEGUROS
DE CHILE 25TH NOVEMBER 2010)

MINERA EL TESORO

BALANCE SHEETS AT SEPTEMBER 30, 2010 AND 2009

(In thousands of US Dollars - ThUS\$)

ASSETS	2010 ThUS\$	2009 ThUS\$
CURRENT ASSETS:		
Cash at banks and in hand	6,440	6,989
Time deposits	192,155	89,082
Marketable securities	1,208	55,672
Trade debtors	73,873	33,127
Sundry debtors	3,133	3,831
Accounts receivable from related companies	24,955	33,099
Inventories	157,170	120,038
Recoverable taxes	13,575	9,452
Prepaid expenses	486	6,073
Other current assets	67	573
Total current assets, net	<u>473,062</u>	<u>357,936</u>
FIXED ASSETS:		
Land	301	301
Mining properties	591,529	241,529
Construction and infrastructure	231,588	165,126
Machinery and equipment	151,684	151,693
Other fixed assets	38,501	86,795
Subtotal	1,013,603	645,444
Less: Accumulated depreciation and amortization	<u>(301,380)</u>	<u>(220,341)</u>
Total fixed assets, net	<u>712,223</u>	<u>425,103</u>
OTHER ASSETS:		
Accounts receivable from related company	122,732	135,280
Mine development costs - net	108,782	143,119
Others	11,087	5,214
Total other assets	<u>242,601</u>	<u>283,613</u>
TOTAL ASSETS	<u><u>1,427,886</u></u>	<u><u>1,066,652</u></u>

The accompanying notes are an integral part of these financial statements

LIABILITIES AND SHAREHOLDERS' EQUITY	2010 ThUS\$	2009 ThUS\$
CURRENT LIABILITIES:		
Accounts payable	17,667	17,321
Leasing obligations, current portion	166	151
Accounts payable to related companies	1,818	2,149
Dividends payable	100,000	
Accruals and withholdings	31,787	30,513
Deferred taxes	11,070	5,707
Total current liabilities	<u>162,508</u>	<u>55,841</u>
LONG-TERM LIABILITIES:		
Bank obligations - senior debt	300,000	
Leasing obligations	43	177
Accruals	19,273	16,915
Deferred taxes	51,960	58,799
Total long-term liabilities	<u>371,276</u>	<u>75,891</u>
SHAREHOLDERS' EQUITY:		
Paid-in capital	90,995	90,995
Retained earnings	649,599	758,973
Net income for the period	153,508	84,952
Total shareholders' equity	<u>894,102</u>	<u>934,920</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u><u>1,427,886</u></u>	<u><u>1,066,652</u></u>

MINERA EL TESORO

STATEMENTS OF INCOME FOR THE NINE - MONTH PERIODS ENDED SEPTEMBER 30, 2010 AND 2009 (In thousands of US Dollars - ThUS\$)

	2010 ThUS\$	2009 ThUS\$
REVENUES	518,463	308,941
COST OF SALES	<u>(303,383)</u>	<u>(191,995)</u>
GROSS MARGIN	215,080	116,946
ADMINISTRATIVE AND SELLING EXPENSES	<u>(33,934)</u>	<u>(23,364)</u>
OPERATING INCOME	<u>181,146</u>	<u>93,582</u>
OTHER INCOME (EXPENSES):		
Financial income	4,684	3,431
Other income	916	856
Financial expenses	(286)	(434)
Other expenses	(658)	(1,345)
Exchange differences	<u>1,412</u>	<u>12,064</u>
Other income - net	<u>6,068</u>	<u>14,572</u>
INCOME BEFORE INCOME TAX	187,214	108,154
INCOME TAX	<u>(33,706)</u>	<u>(23,202)</u>
NET INCOME FOR THE PERIOD	<u><u>153,508</u></u>	<u><u>84,952</u></u>

The accompanying notes are an integral part of these financial statements

MINERA EL TESORO**STATEMENTS OF CASH FLOWS**

FOR THE NINE - MONTH PERIODS ENDED SEPTEMBER 30, 2010 AND 2009

(In thousands of US Dollars - ThUS\$)

	2010	2009
	ThUS\$	ThUS\$
CASH FLOW FROM OPERATING ACTIVITIES:		
Net income for the period	153,508	84,952
Charges (credits) to income which do not represent cash flows:		
Depreciation and amortization	87,301	49,314
Deferred taxes	4,334	11,724
Exchange differences	(1,412)	(12,064)
Mine closure provision	295	
Interest Income Subordinated Loan	(3,306)	
Disposals of fixed assets		879
(Increase) decrease in operational assets:		
Trade debtors, net	(4,181)	(3,784)
Sundry debtors and others	4,921	5,941
Inventories	(27,422)	(53,588)
Recoverable taxes	(4,126)	1,593
Other assets	(6,464)	7,643
Increase (decrease) in operational liabilities:		
Accounts payable	1,815	(2,015)
Accounts payable to related companies - net	22,986	24,393
Accruals and withholdings	(4,967)	8,523
Net cash provided by operating activities	<u>223,282</u>	<u>123,511</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Usufruct contract - mirador project	(350,000)	
Other loans to related companies		(100,000)
Purchase of fixed assets, net	(20,220)	(43,349)
Net cash used in investing activities	<u>(370,220)</u>	<u>(143,349)</u>
CASH FLOW FROM FINANCING ACTIVITIES:		
Payment of dividends	(50,000)	
Senior debt - mirador project	300,000	
Net cash provided by financing activities	<u>250,000</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH FLOW FOR THE PERIOD	103,062	(19,838)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>96,741</u>	<u>171,581</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u><u>199,803</u></u>	<u><u>151,743</u></u>
COMPLEMENTARY INFORMATION:		
Decommissioning cost of fixed assets	<u><u>7,633</u></u>	<u><u>7,633</u></u>

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\$)

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 Superintendency 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 September 30, 2010 and 2009.

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 \$483.65 per US\$1 in 2010 (\$550.36 per US\$1 in 2009).

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

c. Time deposits - Investments in time deposits include capital plus readjustment and interest accrued at period - 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, financing, 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 period has been deferred, as established by Technical Bulletin N°57 of the Chilean Institute of Accountants (Note 11).

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

k. Severance indemnity - Severance indemnity 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.

3. TIME DEPOSITS

This item includes time deposits as follows:

Time deposits	Currency	2010 ThUS\$	2009 ThUS\$
Local financial investments	Ch\$		89,082
Local financial investments	US\$	<u>192,155</u>	<u> </u>
Total time deposits		<u><u>192,155</u></u>	<u><u>89,082</u></u>

4. MARKETABLE SECURITIES

The detail of investments in marketable securities is as follows:

	2010 ThUS\$	2009 ThUS\$
Asset Manager Deustche		25,001
Asset Manager Blackrock	50	25,000
Mutual Funds- Banco Estado	<u>1,158</u>	<u>5,671</u>
Total	<u><u>1,208</u></u>	<u><u>55,672</u></u>

5. TRADE DEBTORS

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

	2010 ThUS\$	2009 ThUS\$
Foreign clients:		
Europe	28,703	12,507
Latin America	13,834	5,693
Asia Pacific	23,779	9,171
North America	261	3,108
	<u>66,577</u>	<u>30,479</u>
Total foreign clients		
	<u>66,577</u>	<u>30,479</u>
Domestic clients	<u>7,296</u>	<u>2,648</u>
Total	<u><u>73,873</u></u>	<u><u>33,127</u></u>

6. INVENTORIES

Inventories of the Company are as follows:

	2010 ThUS\$	2009 ThUS\$
Finished products	14,928	21,770
Products in process	123,204	83,982
Materials, raw materials and parts	19,038	14,286
	<u>157,170</u>	<u>120,038</u>
Total	<u><u>157,170</u></u>	<u><u>120,038</u></u>

7. FIXED ASSETS

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

	2010 ThUS\$	2009 ThUS\$
Land	<u>301</u>	<u>301</u>
Mining properties a)	<u>591,529</u>	<u>241,529</u>
Construction and infrastructure:		
Facilities	168,612	102,535
Buildings and construction	29,225	28,840
Infrastructure	<u>33,751</u>	<u>33,751</u>
Total buildings and infrastructure	<u>231,588</u>	<u>165,126</u>
Machinery and equipment:		
Machinery and equipment	56,438	56,438
Mobile equipment	85,120	85,519
Minor equipment	4,643	4,594
Auxiliary equipment	<u>5,483</u>	<u>5,142</u>
Total machinery and equipment	<u>151,684</u>	<u>151,693</u>
Other fixed assets:		
Equipment	12,419	12,152
Computer equipment, software and hardware	908	908
Furniture	87	87
Leased assets	491	457
Construction in progress	441	2,140
Ongoing projects	16,522	63,418
Mine closure cost asset	<u>7,633</u>	<u>7,633</u>
Total other fixed assets	<u>38,501</u>	<u>86,795</u>
Total fixed assets, gross	<u>1,013,603</u>	<u>645,444</u>
Total accumulated depreciation and amortization	<u>(301,380)</u>	<u>(220,341)</u>
Total fixed assets, net	<u><u>712,223</u></u>	<u><u>425,103</u></u>

- a) On September 22, 2010, the company signed an usufruct sale purchase contract for the oxides ore of the new Mirador project which was acquired for ThUS\$350,000.

8. MINE DEVELOPMENT COSTS - NET

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

	2010 ThUS\$	2009 ThUS\$
Mine development costs:		
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	93,005
	<u>214,986</u>	<u>213,918</u>
Total mine development costs, gross		
	<u>(106,204)</u>	<u>(70,799)</u>
Accumulated amortization		
Total mine development costs, net	<u><u>108,782</u></u>	<u><u>143,119</u></u>

9. ACCRUALS AND WITHHOLDINGS

This detail of this item is as follows:

	2010 ThUS\$	2009 ThUS\$
Short-term:		
Operations	26,604	28,288
Freight, insurance, export commissions	1,393	1,415
Subtotal accruals	27,997	29,703
Withholdings	3,790	810
Total short-term	<u><u>31,787</u></u>	<u><u>30,513</u></u>
Long-term:		
Severance indemnity	8,315	6,348
Mine closure	10,958	10,567
Total long-term	<u><u>19,273</u></u>	<u><u>16,915</u></u>

10. INCOME TAX AND DEFERRED TAXES

a. Recoverable taxes

The balance of recoverable taxes is as follows:

	2010 ThUS\$	2009 ThUS\$
Current assets:		
VAT Credit (net)	6,400	6,095
Monthly provisional payments (net)	5,595	2,098
Other monthly and annual refundable credits	<u>1,580</u>	<u>1,259</u>
Total short-term	<u>13,575</u>	<u>9,452</u>
Other assets:		
Additional tax for technical advisory services	1,093	960
Long-term tax credits	<u>546</u>	<u>990</u>
Total long-term	<u>1,639</u>	<u>1,950</u>

At September 30, 2010 and 2009, the short-term recoverable taxes include the provisional monthly payment balance, net of the provision for 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 September 30, 2010 and 2009 was calculated based on net taxable income of ThUS\$166,600 (ThUS\$43,653 in 2009), 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\$68,900 (ThUS\$80,675 in 2009).

At September 30, 2010 and 2009, the income tax and specific mining tax provisions are classified as recoverable taxes under current assets, net of monthly provisional payments and other credits.

	2010 ThUS\$	2009 ThUS\$
Income tax provision for the period	28,322	7,421
Specific mining tax provision for the period	2,756	3,227
Monthly provisional payments - First category tax	(26,163)	(5,470)
Monthly provisional payments - Specific mining tax	(1,861)	(4,692)
Other credits	<u>(3,054)</u>	<u>(486)</u>
Total income tax payable	<u>-</u>	<u>-</u>

c. Deferred taxes

At September 30, 2010 and 2009, the detail of accumulated balances of assets and liabilities from deferred taxes is as follows:

	2010				2009			
	Assets		Liabilities		Assets		Liabilities	
	Short term	Long term	Short term	Long term	Short term	Long term	Short term	Long term
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Temporary differences								
Vacation accrual	403				277			
Bonus accrual	457				256			
Severance indemnity		824				585		
Mine closure provision, net		780				591		
Accruals and others	199	129			121	90		
Indirect manufacturing costs			10,295				5,299	
Depreciation of fixed assets				33,047				28,541
Preoperating expenses				20,692				31,010
Specific mining tax		46	1,834				1,062	514
Balance at September 30	<u>1,059</u>	<u>1,779</u>	<u>12,129</u>	<u>53,739</u>	<u>654</u>	<u>1,266</u>	<u>6,361</u>	<u>60,065</u>

The net balances of short-term deferred taxes of ThUS\$11,070 (ThUS\$5,707 in 2009), and long-term deferred taxes for ThUS\$51,960 (ThUS\$58,799 in 2009), are presented in current liabilities and long-term liabilities, respectively.

The charge to income for income tax for the period is as follows:

	2010	2009
	ThUS\$	ThUS\$
Current tax expense:		
Income tax	28,322	7,421
(Deficit) surplus of prior year income tax	(834)	594
Specific mining tax	2,756	3,227
(Deficit) surplus of prior year specific mining tax	(872)	236
Deferred taxes:		
Changes in deferred taxes	<u>4,334</u>	<u>11,724</u>
Total	<u>33,706</u>	<u>23,202</u>

On July 31, 2010 the Upper House of the Chilean Congress approved the Law N°20,455 for National Reconstruction. Such law establishes a transitory increase in the income tax rate for fiscal years 2011 and 2012 (at 20% and 18.5% respectively).

The effects of the aforementioned law on deferred taxes have been included in the current period.

11. 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 annually. 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 September 30, 2010:

At September 30, 2010, the Company maintains four forward price contracts (COMEX/LME arbitration) for 5.000 MT, expiring in January, 2012, with an average fixed COMEX price of US\$6,542, and an average fixed LME price of US\$6,495, per ton of fine copper.

The Mark to Market of these contracts implies an unrealized loss of THUS\$97.

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 September 30, 2010, de Company has no Min-Max fine copper options.

c. The result of operations finalized during the period:

Operations	2010 ThUS\$	2009 ThUS\$
Mix-Max Options		(4,464)
COMEX/ LME Arbitration	<u>31</u>	<u>(30)</u>
Operating income (loss)	<u><u>31</u></u>	<u><u>(4,494)</u></u>

The result of these operations is presented under operating income in the income statement.

12. SHAREHOLDERS' EQUITY

- a. The changes in shareholders' equity were as follows:

	Paid-in capital ThUS\$	Retained earnings ThUS\$	Net income for the period ThUS\$	Total shareholders' equity ThUS\$
Balance at January 1, 2009	90,995	511,677	247,296	849,968
Transfer of income		247,296	(247,296)	
Net income for the period			84,952	84,952
			<hr/>	<hr/>
Balance at September 30, 2009	<u>90,995</u>	<u>758,973</u>	<u>84,952</u>	<u>934,920</u>
Balance at January 1, 2010	90,995	658,973	140,626	890,594
Transfer of income		140,626	(140,626)	
Dividends (b)		(150,000)		(150,000)
Net income for the period			153,508	153,508
			<hr/>	<hr/>
Balance at September 30, 2010	<u>90,995</u>	<u>649,599</u>	<u>153,508</u>	<u>894,102</u>

- b. In Ordinary Shareholders Meeting held on May 18, 2010 and September 29, 2010, they were unanimously agreed to distribute dividends of US\$50,000,000 and US\$100,000,000 at rate of US\$540.8 per share, which were paid to the shareholders on June 30, 2010 and October 27, 2010, respectively.
- c. At September 30, 2010, 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.	27,298	30
	<hr/>	<hr/>
Total	<u>90,995</u>	<u>100</u>

13. BALANCES AND TRANSACTIONS WITH RELATED COMPANIES

a. Accounts receivable - short-term

Company	Relationship	2010 ThUS\$	2009 ThUS\$
Antofagasta Minerals S.A.	Parent	12	52
Minera Esperanza	Indirect	24,943	32,416
Minera Michilla S.A.	Indirect		631
Total		<u>24,955</u>	<u>33,099</u>

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

b. Accounts receivable - long-term:

Company	Relationship	Description	2010 ThUS\$	2009 ThUS\$
Minera Esperanza	Indirect	Advance for ore	17,317	34,346
Minera Esperanza	Indirect	Subordinated Debt	105,415	100,934
Total			<u>122,732</u>	<u>135,280</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 started 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 as 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:

Company	Relationship	2010 ThUS\$	2009 ThUS\$
Antofagasta Minerals S.A.	Parent	19	123
Minera Michilla S.A.	Indirect		8
Minera los Pelambres	Indirect	12	15
Minera Esperanza	Indirect	262	535
Aguas de Antofagasta S.A.	Indirect	525	424
Servicios de Transportes Integrados LTDA.	Indirect	348	353
Antofagasta Railway & Co. (Agency in Chile)	Indirect	<u>652</u>	<u>691</u>
Total		<u><u>1,818</u></u>	<u><u>2,149</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 2010 and 2009 are the following:

Company	Relationship	Transaction	2010		2009	
			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	2,126	1,787	1,543	1,297
		AMSA project services	134	(113)	200	(168)
		Payment of Dividend	15,500			
Compañía Contractural Minera Leonor	Shareholder	Royalties	8,906	8,906	5,228	5,228
		Payment of Dividend	19,500			
Marubeni LP Holding B.V.	Shareholder	Payment of Dividend	15,000			
Minera Michilla S.A.	Indirect	Purchase of supplies	847		1,578	
		Sale of supplies	808		4,488	
		Lease of terminal	316	266	581	489
		Others			5	
Minera Esperanza	Indirect	Sundry services	1,554	(1,306)	1,083	(910)
		Purchase of ore	22,721	19,094	28,053	23,574
		Rental mine equipment	241	241		
		Subordinated Debt			100,000	
		Accrued Interest	3,306	(3,306)	934	(934)
Minera Los Pelambres	Indirect	Outsourcing services	131	111	124	104
Antofagasta Railway Company & Co. (Agency in Chile)	Indirect	Transportation	6,340	5,328	8,640	7,261
Servicios de transportes Integrados Ltda.	Indirect	Transportation	3,289	2,764		
Aguas de Antofagasta S.A.	Indirect	Water	4,296	3,610	5,397	4,535
Artikos	Indirect	Administrative services	15	12	32	13
Banco de Chile	Indirect	Time deposits	211,647	(220)	131,111	(212)
Madeco Brass Mill	Indirect	Supplies	128	108	14	12
Other relations	Indirect	Others	43	36	68	57

14. OTHER INCOME AND EXPENSES

At September 30 of each period, the detail is as follows:

	2010	2009
	ThUS\$	ThUS\$
Other income:		
Sales and extraordinary services	758	405
Indemnities received	<u>158</u>	<u>451</u>
Total	<u><u>916</u></u>	<u><u>856</u></u>
Other expenses:		
Disposal of damaged fixed assets	244	879
Donations	175	85
Forgiving of housing loan	81	282
Others	<u>158</u>	<u>99</u>
Total	<u><u>658</u></u>	<u><u>1,345</u></u>

15. CONTINGENCIES, COMMITMENTS AND GUARANTEES

- a. The Company has deposits in guarantee for ThUS\$32 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\$1,093, case number 7889-2004, which is in the second instance in the court of appeal. It also has a dispute for a ThUS\$32 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 Board 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 13b).

- f. On September 27, 2010, the company obtained a senior debt from national and foreign banks for US\$300,000,000 to finance the usufruct sale purchase contract of the new Mirador project entered into with Antofagasta Minerals S.A.. The loan matures in September 2015. Interest is due on the loan in 10 semiannual installments from March 2011 at six-month LIBOR plus a spread of 1.2%. The capital on the loan is due in 8 semiannual installments from March 2012.

16. SUBSEQUENT EVENTS

On October 21, 2010, Law N° 20.469 was published, introducing changes to the methodology of calculating the rate for the mining income tax. The purpose of the Law is to capture the impact of higher international mineral commodities prices for the larger producers. The new rates are based not on amount of production, but on a sliding scale according to the “Mining Operational Margin”. Mining Operational Margin is defined as the ratio between Taxable Operational Mining Income and the Mining Revenue, multiplied by 100.

As already mentioned, the new rates do not apply to Minera El Tesoro, since the company enjoys, until December 2017, an invariability regime granted under Decree Law Nr. 600. However, as established by Law 20.469, the company may voluntarily waive its current invariability for three years, from 2010 until 2012, becoming subject to effective tax rates between 4% and 9% during such period. From 2013 until 2017, the company would recover its original invariability regime with a fixed rate of 4%. In return for such waiver, the company would be entitled to six years of additional invariability of the new regime, with rates ranging between 5% and 14%, from 2018 until 2023. In addition, the company could also request to include under its own tax regime any “connected projects” that it may identify. The company has until January 4, 2011, to decide whether it voluntarily waives for three years its current invariability in order to qualify for the corresponding incentives contained in the law.

At the date of publication of these financial statements, Minera El Tesoro has not yet made the decision to apply to the new regime.

Between October 1, 2010 and the date of issuance of these financial statements, no other significant events have taken place that could materially affect them.

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