

TERMS AND CONDITIONS

“SURPLUS MINING EQUIPMENT MINERA ESCONDIDA AUCTION”

FIRST: General concepts:

This document provides general terms and conditions in which auction in person and via internet are done by Compañía General de Remates (CGR) through www.onnet.cl, whose promotion and exhibition of goods is done through our web site www.cgremates.cl.

On-site Participation

To participate in person at the auction, each person must attend to the auction place on Thursday 02 August 2012, at 12:00 am (GMT-4), fulfilling the requirements, terms and conditions, listed in this document.

Online Participation

To participate via online at the auction, the interested part must enter into the auction website www.cgremates.cl and sign up as a user and creating a username and personalized password, including the complete agreement of these terms and general conditions.

Exhibitions of Goods

Prior the auction the goods have been displayed on our web site www.cgremates.cl. Likewise, for those interested in seeing the goods in a physical way, in order to verify their conditions, status, characteristics and/or anything else they consider necessary, is considered a time for physical exhibition of these.

Commitment Guarantee Bid

People who previously made a commitment guarantee bid, via cash deposit (bank transfer or electronic) or by submitting a voucher “endorsable” issued “payable to CGR” are able to participate and entering at the auction hall. CGR will credit the reception of the guarantee to every interested party by delivering a number receipt, which will be required to participate in the auction, either in person or online.

SECOND: Auction Procedure:

Prior to start the auction, the auctioneer will report about the amount of guarantees correctly constituted, both to participate in attendant or online.

Goods will be auctioned in Spanish, lot to lot, the auctioneer may, to his own discretion, group one or more lots and offer them as a unit, or split a particular lot, offering the units contained in these lot, individually or in items that he considered appropriated.

The goods will be offered loudly, whose positions will be showed in the virtual auction room (Internet), while the offers made via Internet will be reflected in the auction room. Against the best bid received during the bid process, and if it has not been improved, the auctioneer will proceed to the lot adjudication or offered goods. In the case of a split lot (to right), the auctioneer will give the chance to the winner (winner in the hall or via Internet winner) to decide how many units offered wants to the price of the adjudication, and then if the first

winner doesn't buy the whole lot, the auctioneer will offer, "only among those present", the chance to adjudicated at the same price of adjudication the available units or a part of it.

The mentioned procedure, in case there are remaining stocks of lots that have not been adjudicates, it will be carry out many times as the auctioneer considered appropriated, not being an obligation for him to continue offering the remaining stock at the same price of adjudication, and may even re-open the bid regarding to goods remaining of the lot.

THIRD: Modification of Terms:

These terms and conditions may be modified at any time by CGR, until the start of the auction; this is 12:00 am (GMT-4) on Thursday, May 02, 2012. Any changes will be published in www.cgremates.cl, and they start to run from its publication, being interested parties responsibility to check our website.

FOURTH: Requirements for participation:

To participate in the auction process, governed by this document, interested parties, via Internet and attendant, must comply with the following conditions or requirements:

Have submitted to CGR, at its complete settlement, the commitment guarantee bid listed on the first clause and required for the auction, in the form and terms indicated below.

To be agree with terms and conditions which govern the auction procedure, in the form and conditions mentioned in this document.

FIFTH: Technical Requirements for Participation via Internet:

In order to achieve a safe and adequate participation via Internet is required to have at least the following standard equipment and cover following considerations:

Hardware

| | Microsoft Windows | Mac OS X | Linux y Solaris |
|-----------------------|---|--|-------------------------------------|
| Processor | Intel Pentium II to 450 MHz, AMD Athlon to 600 MHz Processor or latest version (or equal) | Intel Core Duo to 1,33 GHz Processor or latest version Power PC G3 to 500 MHz Processor or latest version | 800 MHz Processor or latest version |
| Memory | 128 MB RAM | 128 MB RAM | 512 MB RAM |
| Graphic Memory | 128 MB Graphics Memory | | |

OS and Browser

| Platform | OS | Browser |
|-----------------|--|---|
| Windows | Windows 7 Windows Vista Windows XP Windows Server 2008 Windows Server 2003 Windows 2000 | Internet Explorer 6.0 or latest version Mozilla Firefox 2.0 or latest version Google Chrome 2.0 or latest version Safari 3.0 or latest version Opera 9.5 or latest version AOL 9.0 or latest version |
| Mac OS | Mac OS x 10.6 Mac OS x 10.5 Mac OS x 10.5 (Intel) Mac OS x 10.4 (power PC) | Mozilla Firefox 3.0 or latest version Google Chrome 2.0 or latest version Safari 3.0 or latest version Opera 9.5 or latest version AOL Desktop for Mac 1.0 or latest version |
| Linux | Red Hat Enterprise Linux (RHEL) 5 or latest version Open SUSE 11 or latest version Ubuntu 7.10 or latest version | Mozilla Firefox 3.0 or latest version Google Chrome 2.0 or latest version SeaMonkey 1. or latest version |
| Solaris | Solaris 10 | Mozilla Firefox 3.0 or latest version |

It will be user responsibility to check and make certain about the minimum technical conditions to keep the equipment in working order from terminal and connection that might be using by default. Therefore, the user will not have right to complain or to receive any compensation if speed, transmission or connectivity fails during the auction. Likewise, and considering the nature of the system, CGR shall not be liable for technological problems that might occur before or during the improvement of bids, such as electrical failures, problems on the connectivity with the network system supplier or similar, or problems derived from connectivity difficulties which are the user's responsibility according to what is specified in this number.

SIXTH: Auction goods:

The auction goods will be the ones who are published on our web site www.cgremales.cl, the ones physically showed during the exhibition period and definitively correspond to all goods exhibited at the auction time. This goods will be auctioned in the current conditions at the place where are located.

It will be the interested user's exclusive responsibility to check the amount, quality, state, and condition of the equipments that are offered in this auction. Prior to any sell, the user or whoever designated by the user, may view lots and the equipments before bidding and corroborate the information submitted by CGR which is intended merely to present a general idea. In this sense, it releases the seller, the auctioneer and CGR of all responsibility regarding differences that might be present about the information submitted. Nevertheless, the equipments are sold off-tax and without any associated debt, unless it is expressly stated to be the opposite in the offered equipment.

SEVENTH: Adjudications:

The auctioneer will adjudicate the lot or goods that are offered to the best bid received during the bidding process, giving to participants the necessary time to reaction between every bid, in any case, any difficulty or dispute will be settled by the auctioneer, to his own discretion and no option to complain.

Once a good is adjudicated, the winner is obliged to proceed to the payment of the adjudication price and taxes, if was necessary, within the deadlines and terms indicated below. All bids are final and firm, bidders can not retract about the bids they made during the auction.

The sale will be in U.S dollars and the local currency equivalent will be controlled by the dollar exchange rate published by the Banco Central of Chile to the day of the auction

EIGHTH: Defaults:

In the event of any failure of the established standards and conditions by a participant, bidder or buyer, CGR could leave without effect the adjudication, and enforce the corresponding guarantee for advanced payment about any damage, without prejudice of exercise appropriate actions against the user. As such, the mentioned standards that regulate this auction are understood to be known by the participants, bidders and buyers, and shall not claim ignorance of them. Likewise, abiding the law 19.628, about protection of personal data, the participants irrevocably authorizes CGR to give notice about arrears in the guarantee payment, price or any other obligation, providing such information to any Registration or personal Data Base, with the aim to be spread, releasing to CGR of any responsibility that might derive from the effect.

NINTH: Specifics Terms of the Auction:

- a. **Auction location:** The auction will take place in two forms (live and via Internet), as follows:
 - o Live: Enjoy Hotel, Business Hall N° 3, Antofagasta.
 - o Via Internet: www.onnet.cl

- b. **Exhibition of Goods:** It will take place on Tuesday, July 17, 2012, from 10:00 to 13:00 and from 15:00 to 18:00 PM (GMT-4). In La Negra, Antofagasta, previous coordination with CGR, Mr. Oscar Videla V.
 - o E- Mail: ovidela@cgre mates.cl.
 - o Mobile Phone: 56 9 94498659
 - o Landline: 56 2 7339400

- c. **Commitment Guarantee Bid:** Without prejudice for any good or lot for which an interested party constituted the commitment guarantee bid, this will applicable to all lots or goods adjudicated by such interested party. The amount for the guarantees are the following:
 - o US\$50.000 or \$ 25.000.000 for Metals, Grinding Balls, Copper (in all of its forms), Equipments, Engines, Tires and Iron Scrap (in all of its forms).
 - o US\$10.000 or \$ 5.000.000 for the rest f goods.

Incorporated by bank transfer, cash, certified check or equivalent U.S dollars at the exchange rate of the dollar by the Central Bank of Chile to the day of deposits or direct deposits into CGR accounts, as follow:

- o Deposits in Chile

- i. In Chilean pesos (according to the exchange rate of the dollar, published by the Central Bank of Chile to the day of deposits)

| BANCO DE CHILE | |
|----------------|--|
| BENEFICIARY | Compañía General de Remates Ltda. |
| RUT | 76.116.144-K |
| ADDRESS | Villavicencio 361 of. 117, Santiago - Chile |
| PHONE | 56-2-6641650 |
| ACCOUNT | 00-001-69645-09 |
| E-MAIL | cgrchile@cgremites.cl |

- ii. In U.S. dollars

| BANCO DE CHILE | |
|----------------|--|
| BENEFICIARY | Compañía General de Remates Ltda. |
| RUT | 76.116.144-K |
| ADDRESS | Villavicencio 361 of. 117, Santiago - Chile |
| PHONE | 56-2-6641650 |
| ACCOUNT | 5-001-69645-03 |
| E-MAIL | cgrchile@cgremites.cl |

- o For deposits in U.S. dollars from other countries:

| BANCO DE CHILE | |
|-----------------------|---|
| BENEFICIARY | Compañía General de Remates Ltda. |
| RUT | 76.116.144-K |
| ADDRESS | Villavicencio 361 of. 117, Santiago - Chile |
| PHONE NUMBER | 56-2-6641650 |
| CORRESPONSAL BANKING: | CITIBANK NEW YORK |
| CITY/COUNTRY | N.Y./USA |
| BENEFICIARY BANK: | BANCO DE CHILE, OF. CENTRAL |
| SWIFT | BCHICLRM |
| ADDRESS | Ahumada 251, Santiago - Chile |
| ACCOUNT NUMBER | 00-001-69645-09 |
| REFERENCE | REMATE MINERA ESCONDIDA |

d. Return Guarantees: Once the auction ends, it will proceed to return the guarantees given prior to the auction physically constituted by the participants who have not been adjudicated any good of the auction. The deadline to proceed to return guarantees which were deposited into CGR accounts will be on Tuesday, August 7, 2012.

- e. **Buyer Information:** The participants must complete and fill in the form given by CGR at the moment of constitute guarantee. In case of Export, CGR will issue the corresponding invoice to this effect.

f. **Recharges:**

| | |
|------------------------|---------------|
| Comisión Martillo | 8,50% |
| IVA (tax) Comission | 1,62% |
| TOTAL RECHARGES | 10,12% |

- g. **PAYMENT:** Until Friday August 10, 2012. Electronic transfer or cash deposit into CGR accounts indicated in item "c".
- o It will verify the availability of the funds, otherwise they will be not considered.
 - o Those who constituted guarantee in cash, voucher or bank transfer, it will be returns only the difference.
 - o Exceeded the payment deadline, the adjudication will be resolved and the guarantee will be claimed.
- h. **Billing:** The buyers who meet both items "c" and "f", previous verification about the availability of funds, by CGR, will receive without further proceedings the corresponding invoice.
- i. **Withdrawal:** The withdrawal deadline for Mother Plates, Copper (in all of its forms), Aluminum Wires and Iron Scrap (in all of its forms, it will extend for 45 days from Monday, August 06, 2012. As for the remaining goods the withdrawal deadline it will be from Monday, August 06, until Friday, August 17, 2012, previous payment of 100% of goods adjudicated. Deadline expires, the goods which have not been claimed will considered as abandoned, without any liability to CGR, the auctioneer or seller, including billing and paid lots.
- j. **Costs of withdrawal:** The adjudicated goods are delivered on truck, by crane with a load limit up to 14 tons. The trucks will be hired directly by buyers and will proceed to be weighed at the entrance and exit of the delivery building. Being buyers exclusive responsibility the following additional cost for the delivery and withdrawal of goods:
- o **Charge:** US\$ 0,015 per Kilo
 - o **Weighing:** US\$ 10,64 per truck (including the entrance and exit)

The costs of loading mentioned above will be invoiced by CGR and paid by the buyer together with the winning bidder invoice, calculation were based on the entered kilograms for each lot awarded. Later it will proceed to a recalculation according to what is actually shipped.

For those lots which its weight is not considered, CGR will calculate an approximate amount. Participants must know and be agree with this condition.

The same condition applies for weighing. Calculation will be based on a truck with a capacity of 28000 net kilograms, except in the case of grinding balls which are considered 25000 net kilograms per truck.

- k. **General Considerations of Withdrawal:** In accordance to withdrawal of goods, buyers must consider and comply the following issues:
- o Withdrawals referred to specials steels, scrap, iron scrap, copper and any kind of goods mentioned above must be executed by "Transport Operator with the Respective Sanitary Resolution", and submit a copy of this document to CGR prior to withdrawal.
 - o Both Transport Operator and his staff, and buyer or buyer's staff or any part that represent them, must comply with the standards, safety and hygiene measures established in the place of withdrawal.

- The working day for delivery and withdrawal effects are Monday through Friday, from 8 AM to 6 PM. without prejudice foregoing, any truck to enter to the place of withdrawal after 17:30 will be delivered the next day (including for this purpose on Saturday).
- The withdrawal must be coordinated at least 24 hours before, without prejudice foregoing, the fact of having made the appropriate coordination doesn't establish priority in respect of the clearance process being this process "by order of arrival", being established at the same time , that no bidder or buyer is guaranteed the number of trucks ready for delivery in a certain day.
- Due to the different volumes, densities and characteristics of the goods that are auctioned, the bidder or buyer aren't assure about the exact tonnage to load by truck , without prejudice of that, always the efficient of load will be prioritized according the safety measures, truck conditions (Hopper).
- All goods will be delivered and must be removed in their respective holding means, packaging (straps, pallets, boxes, bags, maxi bags, etc.) Except when the contrary will be indicated.

I. Special Considerations: For the following goods should consider some specific issues:

- **Grinding Balls:** withdrawal deadline may be extended up to 60 working days

Trucks for withdrawal should consider the following:

-Handrail Height: 1mt. reinforced in their parapets and railing back, holding the load using straps.

-Maximum Load: 25000 kilograms per truck.

- **Copper Waste:** 7000 kilograms corresponds to the entire weight of the barrel's content (200 units), you may find others materials (sawdust, plastic, dust, etc.) We estimate that no more 20% of total kilograms indicated per lot, each bidder is responsible to make its own estimation and apply the correction in the bid price. So no further claims will be accepted in this regard.
- **Cat 3524 Engines:** Bases or metallic structural in which they are currently supported are not considered in delivering.

TENTH: Agreement of terms and conditions:

Those interested parties who constituted the entire commitment guarantee of bid and participate of the auction, expressly declares that they know and are agree, without any limitation, all terms and conditions mentioned in this document, as well , they declare to know the goods detail and lots corresponding to this auction.

ELEVENTH: Jurisdiction:

For all effects of this contract, the parties constitute a conventional address in Santiago city.