

VICEPRESIDENCIA EJECUTIVA N° 64

Santiago, marzo 25 de 1991

Señor
Ministro de Minería
Don Juan Hamilton
P r e s e n t e

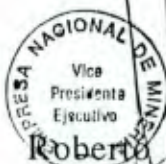


Estimado señor Ministro:

Adjunto sirvase encontrar un memorandum que marca los acuerdos logrados entre los distintos participantes en la reunión llevada a cabo la semana pasada, en torno al proyecto de una nueva fundición en Chile.

Según lo conversado en su despacho la semana pasada, junto a Alejandro Noemi C., le estoy enviando copia a él para su más completa información.

Sin otro particular, lo saluda atentamente,



Roberto Souper Rodríguez
Roberto Souper Rodríguez
Vicepresidente Ejecutivo

Inc.: lo citado

cc.: Sr. Alejandro Noemi C.

HEADLINES FOR A MEMORANDUM OF UNDERSTANDING

1.- SUBJECT OF THE MEMORANDUM OF UNDERSTANDING.

The parties listed hereunder have agreed to enter into a feasibility study for a custom smelter / refinery in Chile provided they agree on the scope of the study and being understood that the parties have agreed on the preconditions risen by them to go ahead with the feasibility study and to enter later on into the project.

The participants to the meetings in Santiago on March 18th and 19th, 1991 have also agreed upon the rules to govern their relationship and the management of the project during the interim period of performance of the study, as well as upon the rules for incorporation of new members to the protocol to be signed.

2.- THE PARTIES TO THE MEMORANDUM OF UNDERSTANDING :

The parties to the memorandum of understanding are :

2.1 EMPRESA NACIONAL DE MINERIA (ENAMI), being understood that any portion of the rights and duties of ENAMI hereunder may be transferred to CODELCO without any other conditions than agreement by CODELCO to this memorandum of understanding.

2.2 LAC MINERALS through its subsidiary **COMPAÑIA MINERA EL INDIO**.

2.3 ARBI PARTICIPACOES, Brazil.

2.4 ACEC UNION MINIERE, Belgium.

2.5 SUDMETAL, Chile.

(Right of the parties hereto to be substituted by other entities belonging to their respective groups).

3.- PRECONDITIONS TO THE FEASIBILITY STUDY.

Each participant has risen its specific preconditions which have been agreed by all other participants and which will be binding for all of them right now and during completion of the Project.

3.1 LAC MINERALS : wants to sell to the projected smelter/ refinery a minimum of 70.000 MTPY of **El Indio** concentrates without any prejudice to the existing purchase contracts of concentrates with other participants.

3.2 ACEC UNION MINIERE: wants to secure on a long term basis its access to 50.000 MTPY of anodes of the projected smelter.

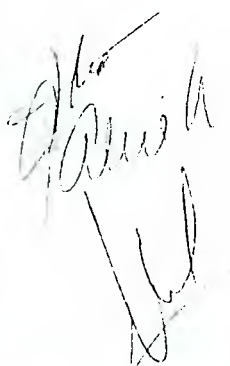
Also, ACEC UNION MINIERE wants to have access, through its commercial subsidiary, to commercial purchase contracts with projected smelter / refinery, for quota to be defined.

3.3 SUDMETAL : wants to operate, on behalf and for the account of the future company, sales and purchase commercial contracts with projected smelter / refinery, for a quota to be defined.

3.4 ENAMI : wants to implement the policy of the Chilean Chilean government in order to have a smelter/ refinery built in Chile to treat excess concentrates in the country.

Furthermore, ENAMI wants to have space for concentrates coming from small and medium miners.

3.5 ARBI PARTICIPACOES: is interested in a long term strategy for the brazilian market coordinating policies with a CARAIBA's smelter in that country.



Aside from that they are also interested in a security long term feed for their subsidiary Coplasa in Chile, in the form of Grade A cathos at a rate of 20.000 MTPY and securing off grade materials for Brass Mill subsidiary, MARVIN S.A.

4.- OTHER INTERESTS OF THE PARTIES IN THE SMELTER/REFINERY PROJECT

On top of their preconditions, some of the parties have other interests :

ARBI : Interested in having access to Chilean copper production for the Brazilian demand.

ACEC UNION MINIERE : Interested in offering mechim engineering project management services.

5.- ORGANIZATION BETWEEN PARTICIPANTS.

During the interim period governed by this memorandum (i.e. until possible set up of a company) :



5.1. BOARD OF PARTICIPANTS

Represented by :

For ENAMI : Mr. Roberto Souper Rodríguez
For LAC MINERALS : Mr. Nibaldo Córdova
For SUDMETAL : Mr. Guillermo Atria
For ACEC UNION MINIERE : Mr. Daniel de Roo
For ARBI : Mr. Daniel Birmann

(Alternate members may be appointed by board members)

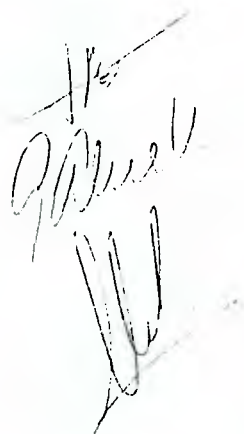
5.2. STEERING COMMITTEE :

- ENAMI : Mr. Roberto Souper Rodríguez
- LAC : Mr. Enrique Aldunate
- SUDMETAL : Mr. Guillermo Atria
- ACEC UNION MINIERE : Mr. Patrick Guillaume

(Alternate members may be appointed by steering committee members).

The steering committee is handling the day to day business in relation with the project, including the feasibility study subject to the approvals of the board for matters which may affect the interests of participants.

The coordination is made by SUDMETAL.



All parties agree that **SUDMETAL** has been instrumental to the formation of this Group, the conceptual structure of the project and its management and coordination up to date.

5.3. CONTRIBUTION DURING INTERIM PERIOD.

Parties will examine how to organize contribution to cover the local expenses during the feasibility period.

6.- RULES FOR INCORPORATION OF NEW MEMBERS.

After signature of a protocol which will follow this document and incorporate its content, the participants will consider to incorporate new members in this protocol based on principles listed hereunder :

- Absence of conflict of interest,
- Contribution of new members to the project,
- Payment of an entrance fee.
- Full adhesion of new members to all provisions of this document and, in particular, to the above mentioned long term preconditions listed in Article 3 hereabove.

7.- RULES FOR WITHDRAWAL OF PARTICIPANTS.

Any participant to the future protocol may freely withdraw at any time being understood that the withdrawing participant



will, in such a case, pay its financial contribution for costs clearly engaged.

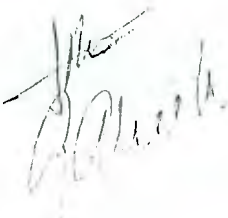
8.- GENERAL PROVISIONS.

8.1. The parties have agreed that the basic structure of the future company will be the one of a normal company from the private sector.

In other words, the intention is that the share holders appoint the members of the board which will be responsible of the superior direction of the future company, and they will designate the management of the same, who shall report to the above mentioned board.

8.2. Each participant to the protocol undertakes to convey without delay any information received about the project to all other participants through the channel of the coordinator **SUDMETAL**.

8.3. The parties acknowledge that any information collected on this project belongs to all of them and may not be disclosed to third parties without prior consent of all the other participants.


Santiago, March 19th, 1991