

27 July 2004

## Highlights

- **Group copper production reached 126,400 tonnes in Q2, an increase of 16% over the previous quarter.**
- **Group cash costs decreased to a record low of 21.9 cents per pound compared with 41.9 cents in Q1, due to molybdenum sales by Los Pelambres at stronger prices.**

Group Total	Q1 2004	Q2 2004	Q3 2004	Q4 2004	Acc 2004	Acc 2003	Full Year 2003
<b>Total copper production ('000 tonnes)</b>	<b>109.0</b>	<b>126.4</b>			<b>235.4</b>	<b>225.1</b>	<b>471.8</b>
<b>Weighted average cash costs (cents per pound)</b>	<b>41.9</b>	<b>21.9</b>			<b>31.2</b>	<b>37.6</b>	<b>36.4</b>

### Los Pelambres

Copper production increased by 27% from 72,400 tonnes in Q1 to 92,600 tonnes in Q2. This was due mainly to the higher ore processing level which reached a record 127,300 tonnes per day in the current quarter. This improvement reflected softer ore processed, optimisation of the grinding lines and the lower requirement for maintenance in the period. Los Pelambres also benefited from higher ore grades.

Cash costs fell sharply from 33.3 cents per pound in Q1 to 6.2 cents in Q2, which was a record low. The reduction in cash costs was principally due to significantly higher by-product credits, as molybdenum prices improved from US\$8.20 per pound in Q1 to US\$14.70 per pound in Q2, which increased credits from 25.8 cents per pound of copper produced in Q1 to 42.3 cents per pound in Q2. Cash costs also reduced due to the impact of higher production levels on fixed costs.

Timing of shipments and loading schedules caused significant tonnages to be delayed until July. Total shipments of payable copper in the first six months of the year were 139,800 tonnes, compared with production of 165,000 tonnes.

### El Tesoro

Cathode production in Q2 was 22,900 tonnes, 5% lower than the previous quarter. The decrease was due to lower metallurgical recoveries which resulted from a higher level of carbonates encountered in the ore processed and which are expected to improve.

Cash costs increased by 15% from 47.2 cents per pound in Q1 to 53.9 cents in Q2. The increase was due to several factors including the lower production level, an increase in the consumption of sulphuric acid due to the presence of carbonates and a higher waste to ore ratio which increased mine costs.

### Michilla

Q2 cathode production was 14% lower than Q1 at 10,900 tonnes, due mainly to changes in the sequence of ore extraction to avoid old mine workings in the vicinity of Michilla's main open pit. This resulted in a lower volume of ore processed, but ore extraction is expected to increase in the second half and annual production should reach 50,000 tonnes.

Cash costs in Q2 were 88.7 cents per pound, 9% above the previous quarter, due to the lower production level achieved. Costs in the second half are expected to decrease with higher production volumes.

### Transport (FCAB)

Transport volumes remained strong, with tonnages increasing marginally over the previous quarter.

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# Quarterly Production Report Q2 2004



Los Pelambres	Q1 2004	Q2 2004	Q3 2004	Q4 2004	Acc 2004	Acc 2003	Full Year 2003
Daily average ore treated ('000 tonnes)	115.4	127.3			121.4	111.3	113.3
Average ore grade (%)	0.84	0.93			0.88	0.90	0.91
Average recovery (%)	87.4	88.7			88.1	89.7	89.9
Concentrate produced ('000 tonnes)	186.9	266.6			453.5	392.0	826.5
Average concentrate grade (%)	40.0	36.0			37.6	40.9	40.9
Fine copper in concentrate ('000 tonnes)	74.8	95.9			170.7	160.4	337.8
Payable copper in concentrate ('000 tonnes)	72.4	92.6			165.0	155.2	326.7
Payable moly in concentrate ('000 tonnes)	1.8	1.9			3.7	3.8	8.7
Cash costs (cents per pound)	33.3	6.2			18.0	31.5	29.3

El Tesoro	Q1 2004	Q2 2004	Q3 2004	Q4 2004	Acc 2004	Acc 2003	Full Year 2003
Daily average ore treated ('000 tonnes)	24.2	24.2			24.2	21.2	22.1
Average ore grade (%)	1.35	1.33			1.34	1.54	1.46
Average recovery (%)	81.0	75.4			78.2	77.2	78.2
Copper cathodes ('000 tonnes)	24.0	22.9			46.9	45.5	92.4
Cash costs (cents per pound)	47.2	53.9			50.5	41.0	42.4

# Quarterly Production Report

## Q2 2004

<b>Michilla</b>	Q1 2004	Q2 2004	Q3 2004	Q4 2004	Acc 2004	Acc 2003	Full Year 2003
Daily average ore treated ('000 tonnes)	16.8	15.1			15.9	14.4	15.6
Average ore grade (%)	1.09	1.06			1.08	1.29	1.25
Average recovery (%)	75.2	74.9			75.1	74.8	75.0
Copper cathodes ('000 tonnes)	12.6	10.9			23.5	24.4	52.7
Cash costs (cents per pound)	81.2	88.7			84.7	69.9	69.8

  

<b>Transport</b>	Q1 2004	Q2 2004	Q3 2004	Q4 2004	Acc 2004	Acc 2003	Full Year 2003
Rail tonnage transported ('000 tons)	1,056	1,076			2,132	2,077	4,388