

**Comments made by Mr Jean-Paul Luksic, Deputy Chairman
at the Annual General Meeting – 9 June 2004**

I would like to give you a brief update on the Group's activities since the Annual Report was issued in early May. First of all, our copper production increased slightly by 5.3% to 193,100 tonnes for the first five months compared to the same period last year.

Cash costs at Los Pelambres have continued to decrease mainly because of strong molybdenum prices which have averaged US\$10.50 per pound this year, compared to US\$4.40 last year. The Moly price has stayed firm and is today at around US\$14.25 per pound – as demand continues for stainless steel – particularly from China.

Following the approval of the Environmental Impact Assessment for Los Pelambres in March we now expect construction of the El Mauro Tailings Dam to begin by the end of the year. We are continuing to evaluate the size of an eventual expansion of the Concentrator Plant and expect to finalize the process during the second half of the year.

Although 2003 was a year of uncertainty dominated by the Iraq war and the faltering peace – a strong demand for metals developed towards the end of the year which has had a major impact on commodity markets and followed the economic upturn in the United States and some Asian countries, together with the continued strength of China's economic performance. This trend has continued into 2004 and copper prices should, in our opinion, remain around these levels for the remainder of the year and could continue into 2005, sustained by incredibly low copper stocks worldwide and limited new supply.

I would now like to comment on two issues which could affect the mining sector in Chile. As mentioned in the Annual Report, the Government is proposing a Royalty on the mining industry, which – in our opinion and in the opinion of the mining sector – is inappropriate. It is a serious matter for the competitiveness of the mining industry in Chile, as well as for the business reputation of the country. We believe that the mining industry has a strong legal case based on the strength of the mining concessions as well as the investment agreements entered into with the Republic of Chile.

A second issue which has been widely reported in the Press is a potential energy crisis in Chile caused by the shortage of gas flows from Argentina. After talking to the Power Generators, we feel confident that mine production should not be affected in the near future, but prices could rise as alternative fuels, such as oil and coal, are imported as substitutes for the reduced supplies of gas.

Regarding our Railway, it is now about 90% related to mining and continues to do well with freight carried up 11% on the same period last year.

Aguas de Antofagasta which took over the water business in the Second Region at the beginning of the year, is performing well and has growth potential in the mining and industrial activities in its areas of operations.

Overall, the Group's prospects for 2004 are good – based on our production costs and the outlook for strong copper prices in the near to medium term.

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