

26 October 2005

Highlights

- Group copper production was up 6.9% in Q3 at 116,000 tonnes, as all three mines increased their production
- Molybdenum production at Los Pelambres was 2,000 tonnes in Q3 compared with 2,500 tonnes in Q2, mainly due to lower molybdenum ore grades, but production to end September 2005 of 6,700 tonnes compares with 5,800 tonnes to end September 2004.
- Group cash costs in Q3 were 31.2 c/lb compared with negative 9.6 c/lb in Q2, mainly due to lower by-product credits.

Group Total	Q1 2005	Q2 2005	Q3 2005	Q4 2005	Acc 2005	Acc 2004	Full Year 2004
Total copper production ('000 tonnes)	118.9	108.5	116.0		343.4	366.1	498.4
Weighted average cash costs (cents per pound)	(7.9)	(9.6)	31.2		4.8	28.9	24.3

Los Pelambres

Los Pelambres produced 81,000 tonnes of payable copper in Q3, an increase of 8.9% over the previous quarter. This increase was partly due to better ore grades as expected but mainly because of higher ore throughput which averaged 131,900 tonnes per day, 6.3% higher than in the previous quarter and 6.6% above the average for 2004. The increased throughput, marginally offset by lower metallurgical recoveries, was due to better ore quality as well as higher plant utilisation which reached 98% during the quarter.

Cash costs before by-product credits reached 75.6 c/lb in the quarter, 0.8% lower than the last quarter. Higher cash costs in Q3 were principally due to market factors, mainly higher roasting charges for molybdenum concentrate and higher treatment and refining charges for copper concentrate (where higher copper prices have increased the effect of price participation).

By-product credits decreased to 70 c/lb in Q3, compared to 126.8 c/lb in Q2, as a result of a number of factors. Molybdenum production decreased 18.3% to 2,000 tonnes in Q3, due to lower than expected grades. Molybdenum market prices, even though still at historically high levels, averaged US\$31.0 per pound in Q3, compared to US\$35.3 per pound in Q2. This also resulted in negative pricing adjustments of US\$ 20.1 million for final settlement of provisional sales, compared with positive adjustments of US\$ 16.1 million in Q2, with an impact of 21 c/lb in cash costs. The by-product credit, which is expressed in cents per pound of copper produced, was also affected by higher copper production in Q3.

Cash costs net of by-product credits, were 5.6 c/lb, compared to negative 50.6 c/lb in Q2, mainly due to lower by-product credits as explained above.

El Tesoro

Copper production for the quarter reached 24,000 tonnes, 1.7% higher than in the previous quarter, due to increased ore throughput. The ore grade decreased to 1.14% in Q3 as expected under the mine plan. Recoveries in Q3 fell to 75% compared with 81.8% in Q2 due to an increased presence of carbonates in the ore and the lower ore grades.

Cash costs increased by 13 c/lb reaching 73.1 c/lb in Q3 due to the higher waste-to-ore ratio, the lower ore grade, the higher water costs (which in the case of El Tesoro are indexed to the copper price), the strengthening of the Chilean peso against the US dollar and higher fuel prices.

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The regional environmental authority (COREMA) recently reversed its decision of 8 September which had initially approved El Tesoro's optimisation project, and requested a full Environmental Impact Study instead of an Environmental Impact Declaration, to assess the impact of the project on local water supplies. El Tesoro has appealed to the national environmental authority (CONAMA) against this decision and a final resolution is expected shortly.

Michilla

Michilla produced 11,100 copper tonnes in Q3, 4.8% more than in the last quarter. This increase was mainly due to improved ore grades at the underground mine. Ore grades at the open pit continue lower than originally expected for the year due to the difficulty of operating near old mine workings. Ore throughput has also increased marginally over Q2.

Cash costs reached 127.6 c/lb in Q3, 4.4 c/lb more than in the previous quarter, but the high costs in both quarters were mainly due to lower grades in the Lince open pit and the operational issues previously reported at the underground mine which affected ore production. These operational factors have since been resolved with normal rates of ore production restored by the end of September. Cash costs have also been affected by the strengthening of the Chilean peso, higher input costs and the additional associated costs for infill drilling in the Lince open pit.

Transport

Total tonnes transported were 1.8% above last year, reaching 3.3 million tonnes for rail and 1.1 million tonnes for road transport.

Water

Sales of water during the three first quarters reached 24.5 million cubic metres, which represents an increase of 1.2% compared to the same period last year.

Los Pelambres	Q1 2005	Q2 2005	Q3 2005	Q4 2005	Acc 2005	Acc 2004	Full Year 2004
Daily average ore treated ('000 tonnes)	129.0	124.0	131.9		128.3	123.7	125.9
Average ore grade (%)	0.79	0.77	0.80		0.79	0.89	0.88
Average recovery (%)	91.0	90.2	88.4		89.8	88.5	89.1
Concentrate produced ('000 tonnes)	222.0	202.6	220.9		645.4	707.6	948.8
Average concentrate grade (%)	37.5	38.6	39.0		38.4	37.8	38.2
Fine copper in concentrate ('000 tonnes)	83.3	76.9	83.7		244.0	267.4	362.6
Payable copper in concentrate ('000 tonnes)	80.6	74.4	81.0		235.9	258.5	350.6
Payable moly ('000 tonnes)	2.2	2.5	2.0		6.7	5.8	7.9
Cash costs (before by-product) (cents per pound)	64.0	76.2	75.6		71.8	51.9	53.7
By - product credits (cents per pound)	(109.9)	(126.8)	(70.0)		(101.5)	(37.1)	(45.8)
Cash costs (cents per pound)	(45.9)	(50.6)	5.6		(29.7)	14.7	7.9

El Tesoro	Q1 2005	Q2 2005	Q3 2005	Q4 2005	Acc 2005	Acc 2004	Full Year 2004
Daily average ore treated ('000 tonnes)	26.3	22.9	29.0		26.1	25.1	25.4
Average ore grade (%)	1.34	1.41	1.14		1.28	1.34	1.35
Average recovery (%)	82.4	81.8	75.0		79.7	78.1	78.1
Copper cathodes ('000 tonnes)	26.3	23.6	24.0		73.8	71.5	97.8
Cash costs (cents per pound)	57.8	60.1	73.1		63.5	52.1	52.4

Michilla	Q1 2005	Q2 2005	Q3 2005	Q4 2005	Acc 2005	Acc 2004	Full Year 2004
Daily average ore treated ('000 tonnes)	15.3	14.5	14.9		14.9	16.0	16.1
Average ore grade (%)	1.09	0.99	1.11		1.07	1.10	1.11
Average recovery (%)	76.1	75.7	74.8		75.5	75.0	75.4
Copper cathodes ('000 tonnes)	12.0	10.6	11.1		33.7	36.2	50.0
Cash costs (cents per pound)	102.4	123.2	127.6		117.3	84.9	85.6

Transport	Q1 2005	Q2 2005	Q3 2005	Q4 2005	Acc 2005	Acc 2004	Full Year 2004
Rail tonnage transported ('000 tons)	1,126	1,090	1,085		3,301	3,297	4,479
Road tonnage transported ('000 tons)	348	379	395		1,122	1,047	1,414

Water	Q1 2005	Q2 2005	Q3 2005	Q4 2005	Acc 2005	Acc 2004	Full Year 2004
Water volume sold – potable and untreated ('000 m ³) *	8,315	8,242	7,969		24,526	24,228	32,575

(*) Note: Water volumes include water transportation of 336 thousand m³ in Q1, 234 thousand m³ in Q2 and 236 thousand m³ in Q3