

25 January 2006

Highlights

- **Group annual production of payable copper for 2005 reached 467,300 tonnes as forecast.**
- **Molybdenum production at Los Pelambres increased 10.9% over 2004 to 8,700 tonnes.**
- **Group cash costs for 2005 were reduced to an annual record low of 13.9 c/lb due to improved by-product credits. Cash costs at Los Pelambres were negative 17.1 c/lb.**

Group Total	Q1 2005	Q2 2005	Q3 2005	Q4 2005	Full Year 2005	Full Year 2004
Total production of payable copper ('000 tonnes)	118.9	108.5	116.0	123.9	467.3	498.4
Total production of payable moly ('000 tonnes)	2.2	2.5	2.0	2.0	8.7	7.9
Weighted average cash costs (cents per pound)	(7.9)	(9.6)	31.2	39.1	13.9	24.3

Los Pelambres

Los Pelambres produced 86,900 tonnes of payable copper in Q4, the highest quarterly volume of the year. Annual production for 2005 reached 322,800 tonnes, with shipments of 318,100 tonnes. As expected under the mine plan, production decreased by 7.9% compared to the previous year. This was mainly due to a lower ore grade of 0.80% in 2005 compared with 0.88% in 2004, which was partly offset by a 1.8% increase in throughput which reached an average of 128,100 tonnes per day (tpd).

Molybdenum production in Q4 was similar to Q3 at 2,000 tonnes. Total production for 2005 reached 8,700 tonnes, an increase of 10.9% over 2004, with shipments in the year of 8,500 tonnes. By-product credits (excluding period-end mark-to-market adjustments) more than doubled in 2005 to 91.8 c/lb due to higher molybdenum market prices (which in 2005 averaged US\$32 per pound (2004 – US\$16.2 per pound)) as well as increased production.

Cash costs before by-product credits were 74.7 c/lb in 2005. The increase of 21 c/lb over 2004 was mainly due to industry cost pressures, principally higher TC/RCs for copper concentrate and higher roasting charges for molybdenum concentrate which together increased by 11.1 c/lb to 27.6 c/lb in 2005. Other cost pressures included fuel, energy and steel prices as well as the strengthening of the Chilean peso against the US dollar. Operational factors included the impact of longer haulage distances within the mine and higher fleet maintenance costs. Nevertheless, net cash costs fell from 7.9 cents per pound in 2004 to a record negative 17.1 cents per pound this year due to very strong by-product credits.

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El Tesoro

Copper production in Q4 was 24,300 tonnes. Annual production for 2005 reached 98,100 tonnes, which compared favourably with 97,800 tonnes produced in 2004, as the higher ore throughput level compensated for the expected lower ore grade.

Cash costs for 2005 were 66.1 c/lb, an increase of 13.7 c/lb compared with 2004. This increase was due to a higher waste-to-ore ratio, lower ore grades and cost pressures including higher water costs indexed to the copper price, the stronger Chilean peso and higher fuel, energy, and sulphuric acid prices.

Michilla

Copper production during Q4 was 12,700 tonnes, the highest quarterly figure in 2005. Total production for the year reached 46,400 tonnes, a decrease of 7.2% compared to the previous year due to lower throughput and slightly lower ore grades. The lower throughput was due to previously reported operational issues at the underground mine (since resolved) which necessitated changes in the mine working sequence and modifications required to the secondary crushing line.

Cash costs reached 118.8 c/lb in 2005, 33.2 c/lb over the previous year, due both to operational factors and industry cost pressures. Operational factors included the lower ore grade in the open pit due to old mine workings, a higher waste-to-ore ratio and the above-mentioned operational issues. Cost pressures included the strengthening of the Chilean peso, higher acid prices and to a lesser extent higher fuel costs.

Transport

Rail and road transport volumes in 2005 were 4.3 million tons and 1.5 million tons respectively. The combined volumes were very marginally below 2004 due to minor temporary differences in volumes moved by some customers.

Water

The water business continued to perform well in 2005, with sales volumes reaching 33.1 million cubic metres, an increase of 1.5% compared to last year.

Los Pelambres	Q1 2005	Q2 2005	Q3 2005	Q4 2005	Full Year 2005	Full Year 2004
Daily average ore treated ('000 tonnes)	129.0	124.0	131.9	127.6	128.1	125.9
Average copper ore grade (%)	0.79	0.77	0.80	0.83	0.80	0.88
Average copper recovery (%)	91.0	90.2	88.4	87.6	89.2	89.1
Copper concentrate produced ('000 tonnes)	222.0	202.6	220.9	219.6	865.1	948.8
Average copper concentrate grade (%)	37.5	38.6	39.0	38.8	38.5	38.2
Fine copper in concentrate ('000 tonnes)	83.3	76.9	83.7	89.9	333.8	362.6
Payable copper in concentrate ('000 tonnes)	80.6	74.4	81.0	86.9	322.8	350.6
Average moly ore grade (%)	0.024	0.025	0.021	0.019	0.022	0.022
Average moly recovery (%)	78.1	81.9	79.9	79.4	79.9	79.6
Payable moly in concentrate ('000 tonnes)	2.2	2.5	2.0	2.0	8.7	7.9
Cash costs (before by-product) (cents per pound)	64.0	76.2	75.6	82.5	74.7	53.7
By - product credits (cents per pound)	(109.9)	(126.8)	(70.0)	(65.5)	(91.8)	(45.8)
Cash costs (cents per pound)	(45.9)	(50.6)	5.6	17.0	(17.1)	7.9

El Tesoro	Q1 2005	Q2 2005	Q3 2005	Q4 2005	Full Year 2005	Full Year 2004
Daily average ore treated ('000 tonnes)	26.3	22.9	29.0	30.4	27.2	25.4
Average ore grade (%)	1.34	1.41	1.14	1.08	1.23	1.35
Average recovery (%)	82.4	81.8	75.0	81.6	80.2	78.1
Copper cathodes ('000 tonnes)	26.3	23.6	24.0	24.3	98.1	97.8
Cash costs (cents per pound)	57.8	60.1	73.1	74.1	66.1	52.4

Michilla	Q1 2005	Q2 2005	Q3 2005	Q4 2005	Full Year 2005	Full Year 2004
Daily average ore treated ('000 tonnes)	15.3	14.5	14.9	15.0	14.9	16.1
Average ore grade (%)	1.09	0.99	1.11	1.20	1.10	1.11
Average recovery (%)	76.1	75.7	74.8	75.2	75.4	75.4
Copper cathodes ('000 tonnes)	12.0	10.6	11.1	12.7	46.4	50.0
Cash costs (cents per pound)	102.4	123.2	127.6	123.0	118.8	85.6

Transport	Q1 2005	Q2 2005	Q3 2005	Q4 2005	Full Year 2005	Full Year 2004
Rail tonnage transported ('000 tons)	1,126	1,090	1,085	1,035	4,336	4,479
Road tonnage transported ('000 tons)	348	379	395	400	1,522	1,414

Water	Q1 2005	Q2 2005	Q3 2005	Q4 2005	Full Year 2005	Full Year 2004
Water volume sold – potable and untreated ('000 m ³) *	8,315	8,242	7,969	8,548	33,074	32,575

(*) Note: Water volumes include water transportation of 336 thousand m³ in Q1, 234 thousand m³ in Q2, 236 thousand m³ in Q3 and 241 thousand m³ in Q4.