

31 January, 2008

Highlights

- **Group copper production for 2007 was 428,100 tonnes compared to 465,500 tonnes in 2006, mainly due to the expected lower ore grades at Los Pelambres.**
- **Molybdenum production at Los Pelambres increased to a record 10,200 tonnes for the year (2006 – 9,800 tonnes).**
- **Group cash costs for 2007 were 31.6 cents per pound compared with 40.2 cents per pound in 2006 due to improved by-product credits and reduced tolling charges, partly offset by increased on-site costs.**

Group Total	Q1 2007	Q2 2007	Q3 2007	Q4 2007	Full Year 2007	Full Year 2006
Total production of payable copper ('000 tonnes)	105.9	106.1	100.6	115.4	428.1	465.5
Total production of payable moly ('000 tonnes)	2.1	2.8	2.5	2.7	10.2	9.8
Weighted average cash costs (cents per pound)	35.8	24.8	30.1	35.5	31.6	40.2

Los Pelambres

Los Pelambres produced 81,600 tonnes of payable copper in Q4, 22.5% above Q3 production. This was due to both increased plant throughput and improved ore grades. The increased plant throughput was achieved by improvements in the crushing process, thereby mitigating the impact of the continued higher proportion of harder primary ore. Annual production in 2007 was 289,900 tonnes, slightly ahead of the most recent forecast, but 10.6% below the 2006 production of 324,200 tonnes, mainly due to the lower ore grades this year. For 2008 production is expected to be approximately 330,000 tonnes, due to better ore grades and higher throughput.

Molybdenum production was 2,700 tonnes in Q4, 8.0% above the previous quarter. The increase was due to improved molybdenum grades and the increased plant throughput. Annual production for 2007 was 10,200 tonnes, a 4.1% increase compared with 2006, mainly due to improved grades. Molybdenum production is expected to be approximately 6,800 tonnes in 2008. The forecast decrease in production is mainly due to lower molybdenum grades in those areas of the mine due to be worked under the 2008 plan.

Cash costs in Q4 were negative 7.5 cents per pound compared to negative 19.6 cents per pound in Q3, an increase of 12.1 cents per pound, mainly due to lower by-product credits per pound of copper produced.

Cash costs for the 2007 full year were negative 10.8 cents per pound compared with 16.4 cents per pound for 2006, a decrease of 27.2 cents per pound. This was mainly due to higher by-product credits (reflecting the higher average molybdenum price compared with 2006 and the increase in molybdenum production) and lower tolling charges. These factors were partly offset by higher on-site costs, as a result of increased machinery hire, maintenance, fuel, oil and labour costs. The higher labour costs were due to the one-off bonus payments on the early conclusion of the mine-port union negotiation in Q2 as well as the plant union negotiation (originally due in mid-2008) which was concluded in Q4.

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El Tesoro

Cathode production at El Tesoro in Q4 was 23,700 tonnes, a 5.3% increase compared with Q3, due to improved throughput levels. Production for the full year was 93,000 tonnes, which was ahead of the original forecast for the year and just 1.1% below 2006 production. The lower plant throughput compared with 2006, due to high moisture levels in the ore processed, was largely offset by the higher ore grades. The difficulties experienced with high moisture levels were successfully resolved through modifications to the production process in Q4. For 2008, production is expected to be approximately 90,000 tonnes.

Cash costs in Q4 were 128.6 cents per pound, an increase of 11.7 cents per pound from the previous quarter. Full year costs averaged 109.8 cents per pound, compared with 78.6 cents per pound in 2006. The main reasons for these price increases were higher energy costs and, to a lesser extent, increased sulphuric acid costs (due to higher prices and consumption levels).

Michilla

Michilla produced 10,200 tonnes of copper cathodes in Q4, 1,200 tonnes below the previous quarter. The earthquake which occurred in northern Chile on 14 November resulted in some disruption during the quarter, which reduced throughput and the grade of ore processed. Nevertheless, total annual production in 2007 was 45,100 tonnes of copper cathodes, only slightly below the original forecast for the year. Production is expected to be approximately 43,000 tonnes in 2008.

Cash costs in Q4 were 163.4 cents per pound, an increase of 14.6 cents per pound over the previous quarter. The increase was mainly due to the impact of the lower Q4 production volumes on the unit costs. Cash costs for the full year were 143.5 cents per pound, compared to the original forecast for the year of 136 cents per pound, and compared to 126.4 cents per pound in 2006. The increase compared to the previous year was mainly due to increased energy costs, the impact of the bonus payment following the early conclusion of the labour negotiation during Q2, and higher costs of third party services.

Transport

The transport division had a successful operational performance during 2007 with combined rail and road tonnages of over 6.3 million tons, 6.4% above 2006. Rail tonnages transported in 2007 increased by 11.6% over 2006 due to increases from various mines. The most significant of these was the Spence mine where the combined volumes of sulphuric acid and copper cathodes contributed an additional 0.3 million tons.

Water

The water division continued to perform strongly, with Q4 water volumes increasing to 10.4 million cubic metres, 7.1% above the previous quarter. This was mainly due to higher domestic consumption in the period. The volume of water sold in 2007 increased by 5.5% over the previous year as a result of higher volumes to industrial customers, mainly due to the full-year impact of Spence which started its operations during the second half of 2006.

Los Pelambres	Q1 2007	Q2 2007	Q3 2007	Q4 2007	Full Year 2007	Full Year 2006
Production statistics						
Daily average ore treated ('000 tonnes)	125.0	126.0	120.9	133.3	126.3	127.4
Average ore grade (%)	0.71	0.70	0.68	0.73	0.71	0.81
Average recovery (%)	92.5	91.9	91.1	93.6	92.3	88.7
Concentrate produced ('000 tonnes)	186.5	202.6	208.8	274.3	872.1	842.6
Average concentrate grade (%)	39.6	36.5	32.9	30.7	34.5	39.9
Fine copper in concentrate ('000 tonnes)	73.1	73.6	68.9	84.5	300.1	335.2
Payable copper in concentrate ('000 tonnes)	70.7	71.1	66.6	81.6	289.9	324.2
Average moly ore grade (%)	0.033	0.030	0.027	0.030	0.030	0.028
Average moly recovery (%)	66.7	75.6	78.7	76.8	74.2	76.1
Payable moly ('000 tonnes)	2.1	2.8	2.5	2.7	10.2	9.8
Cash costs statistics						
On-site and shipping costs (cents per pound)	64.7	82.0	77.3	80.6	76.3	56.4
Tolling charges for concentrates (cents per pound)	25.7	31.9	33.8	27.3	29.6	39.7
By - product credits (cents per pound) *	(86.3)	(135.2)	(130.8)	(115.4)	(116.7)	(79.7)
Cash costs (cents per pound)	4.2	(21.3)	(19.6)	(7.5)	(10.8)	16.4

(*) Note: By-products credits do not include any costs attributable to the production of molybdenum concentrate. By-product calculations also do not take into account unrealised mark-to-market gains at the beginning or end of each period.

El Tesoro	Q1 2007	Q2 2007	Q3 2007	Q4 2007	Full Year 2007	Full Year 2006
Daily average ore treated ('000 tonnes)	27.8	26.3	24.7	28.5	26.8	28.7
Average ore grade (%)	1.21	1.25	1.27	1.19	1.23	1.16
Average recovery (%)	77.4	77.3	79.4	77.0	77.8	78.1
Copper cathodes ('000 tonnes)	23.6	23.2	22.5	23.7	93.0	94.0
Cash costs (cents per pound)	87.4	106.5	116.9	128.6	109.8	78.6

Michilla	Q1 2007	Q2 2007	Q3 2007	Q4 2007	Full Year 2007	Full Year 2006
Daily average ore treated ('000 tonnes)	15.2	15.4	15.1	13.7	14.8	15.2
Average ore grade (%)	1.04	1.04	1.04	1.00	1.03	1.05
Average recovery (%)	81.2	78.3	78.3	78.5	79.1	78.2
Copper cathodes ('000 tonnes)	11.6	11.8	11.4	10.2	45.1	47.3
Cash costs (cents per pound)	123.1	141.4	148.8	163.4	143.5	126.4

Transport	Q1 2007	Q2 2007	Q3 2007	Q4 2007	Full Year 2007	Full Year 2006
Rail tonnage transported ('000 tons)	1,253	1,301	1,195	1,259	5,008	4,486
Road tonnage transported ('000 tons)	321	342	340	309	1,313	1,456

Water	Q1 2007	Q2 2007	Q3 2007	Q4 2007	Full Year 2007	Full Year 2006
Water volume sold – potable and untreated ('000 m ³) **	10,069	9,740	9,679	10,369	39,858	37,798

(**) Note: Water volumes include water transportation of 300,000 m³ in Q1, 266,000 m³ in Q2, 348,000 m³ in Q3 and 343,000 m³ in Q4 and total for 2007 of 1,258,000 m³ (compared to 1,604,000 m³ in 2006).

The Q4 2007 water volumes include 77,000 m³ of water supplied during the first nine months of 2007 but not originally recorded within those periods.