

31 July, 2008

Highlights

- Group copper production was 119,000 tonnes in Q2 and 233,600 tonnes as expected in the first half of the year, 10.2% above 2007 H1.
- Molybdenum production at Los Pelambres was 2,000 tonnes in Q2 and 3,800 tonnes in the first half of the year, 1,100 tonnes below 2007 H1 but in line with year-to-date forecast.
- Group cash costs in H1 were 72.2 cents per pound, in line with year-to-date forecast and largely unchanged between Q1 and Q2. This compared with 30.3 cents per pound in 2007 H1. Higher on-site costs and lower by-product credits (reflecting anticipated lower molybdenum production) were partly offset by lower tolling charges.

Group Total	Q1 2008	Q2 2008	Q3 2008	Q4 2008	Acc 2008	Acc 2007	Full Year 2007
Total production of payable copper ('000 tonnes)	114.6	119.0			233.6	212.1	428.1
Total production of payable moly ('000 tonnes)	1.8	2.0			3.8	4.9	10.2
Weighted average cash costs (cents per pound)	72.2	72.3			72.2	30.3	31.6

Los Pelambres

Los Pelambres produced 84,700 tonnes of payable copper in Q2 and 163,800 in the first half of 2008, 15.5% above the first six months of last year. The increase was mainly due to higher plant throughput because of the lower proportion of harder primary ore treated in the period.

Molybdenum production was 2,000 tonnes in the second quarter and 3,800 tonnes in the first six months of 2008. This represents an expected reduction of 22.4% compared to the first six months of 2007, due to the anticipated decrease in molybdenum ore grade. The higher throughput and recovery obtained during the first half of the year partly offset the effect of the lower molybdenum grade.

Cash costs were 34.6 cents per pound in 2008 Q2 and 36.0 cents per pound in the first half of the year, marginally below forecast but 44.6 cents per pound above 2007 H1. This increase is the result of higher on-site and shipping costs and lower by-products credits, partly offset by lower tolling charges. In line with the budget, on-site and shipping costs increased by 26.3 cents per pound, mainly due to higher energy and shipping prices. By-product credits decreased by 27.3 cents per pound due to the lower molybdenum volumes, partly compensated by the higher average molybdenum market prices.

As announced on 7 May 2008, Los Pelambres reached a binding court-approved settlement relating to the validity of a sectoral permit issued by the Chilean Water Authority and other related cases concerning water rights; this settlement committed the claimants to withdrawing their claims and allows the construction of the Mauro tailings dam to be completed. As explained in that announcement, a separate case concerning land ownership involving different claimants remains outstanding. Los Pelambres has appealed to the Chilean Court of Appeals against a first instance decision in 2007 which prevents operation of the tailings dam from commencing and the Group is confident that Los Pelambres' legal title to the land in question will be upheld on appeal. The existing Quillayes tailings dam has capacity until early 2009.

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El Tesoro

Cathode production at El Tesoro was 22,700 tonnes in 2008 Q2 and 46,600 tonnes during the first half of the year, marginally below the first six months of 2007. The higher level of ore treated in 2008 H1 was offset by the lower average ore grade and recoveries.

Cash costs in Q2 were 147.9 cents per pound, 18.5 cents per pound above the previous quarter reflecting an increase in energy and sulphuric acid prices. Cash costs during the first half of the year were 138.5 cents per pound, which was below budget but 41.6 cents per pound higher than the same period last year. This increase is also mainly explained by the higher energy and acid prices.

Michilla

Michilla produced 11,600 tonnes of copper cathodes in the second quarter of 2008, achieving a total of 23,100 tonnes during the first half of the year. This was ahead of budget although slightly below the first six months of 2007. The decrease in production reflected the expected decline in ore grades, partly compensated by the higher ore throughput and the higher metallurgical recovery.

Cash costs were 198.8 cents per pound in Q2 2008 and 195.1 cents per pound in the first half of the year. The forecast rise in costs compared with 2007 H1 was mainly due to the increased costs of purchasing material from third parties because of the higher copper price, and increased sulphuric acid and energy prices.

Projects and Exploration

The Esperanza project is continuing on schedule with first production expected by the fourth quarter of 2010. The most significant milestone during the second quarter was the approval of the Environmental Impact Assessment on 19 June. The pre-stripping is advancing as planned, and the construction of early works is also advancing on schedule with about 2,000 workers on site.

Following the completion of a feasibility study in 2007 and expenditures on early works, Los Pelambres has approved a further upgrade of its plant capacity through additional infrastructure including a third SAG mill and sixth ball mill. The repowering is within existing environmental permits and when completed is expected to increase production of payable copper by an annual average of 90,000 tonnes over the first 15 years from early 2010. The total cost of this project is expected to be approximately US\$1.0 billion including escalation of which approximately US\$0.15 billion has been spent to date.

Feasibility studies for the Reko Diq project in Pakistan and the Antucoya project in Chile were initiated during February and are progressing as planned with completion of both studies expected by the first half of 2009.

The Group progressed with its exploration programme both in Chile and the rest of the world. In June the Group signed an agreement with Minera Metallica Resources Chile Limitada, a subsidiary of Metallica Resources Inc., to acquire a 30% interest in Rio Figueroa, an exploration project located in Chile's Atacama Region, approximately 80 km east of Copiapo city, for consideration of US\$2.6 million payable in instalments. Under the agreement the Group has the right to increase its interest up to 70% in successive stages over a number of years by first incurring exploration expenditures of US\$7 million and subsequently completing a feasibility study and making a further payment of US\$5 million to Minera Metallica Resources Chile Limitada.

Commodity prices

The LME copper price averaged 383.2 cents per pound in 2008 Q2, compared with 352.1 cents per pound in 2008 Q1. The average price for 2008 H1 was 367.8 cents per pound compared with 307.0 cents per pound in 2007 H1.

The market molybdenum price averaged US\$32.9 per pound in 2008 Q2, compared with US\$33.2 per pound in 2008 Q1. The average price for 2008 H1 was US\$33.1 per pound compared with US\$28.4 per pound in 2007 H1.

Transport

The transport division had a strong second quarter in 2008, increasing the total rail and road volumes transported by 14.3% compared with 2008 Q1. Combined rail and road volumes during the first half of 2008 were marginally below the first six months of 2007. The outlook for the second half of the year remains in line with expectations.

Water

The water business continued with a strong performance in the second quarter of the year. Volumes sold during the first half of 2008 increased by 5.9% to almost 21 million cubic metres, due to improved sales to both industrial and regulated clients.

Los Pelambres	Q1 2008	Q2 2008	Q3 2008	Q4 2008	Acc 2008	Acc 2007	Full Year 2007
Production statistics							
Daily average ore treated ('000 tonnes)	138.8	144.2			141.5	125.5	126.3
Average ore grade (%)	0.71	0.74			0.72	0.71	0.71
Average recovery (%)	91.1	91.8			91.5	92.2	92.3
Concentrate produced ('000 tonnes)	272.0	299.2			571.1	389.0	872.1
Average concentrate grade (%)	30.2	29.7			29.9	38.0	34.5
Fine copper in concentrate ('000 tonnes)	82.0	87.7			169.7	146.7	300.1
Payable copper in concentrate ('000 tonnes)	79.1	84.7			163.8	141.8	289.9
Average moly ore grade (%)	0.019	0.018			0.018	0.031	0.030
Average moly recovery (%)	73.5	80.8			77.2	71.0	74.2
Payable moly ('000 tonnes)	1.8	2.0			3.8	4.9	10.2
Cash costs statistics							
On-site and shipping costs (cents per pound)	100.4	99.1			99.7	73.4	76.3
Tolling charges for concentrates (cents per pound)	20.3	19.3			19.7	28.8	29.6
By - product credits (cents per pound) *	(83.2)	(83.7)			(83.5)	(110.8)	(116.7)
Cash costs (cents per pound)	37.4	34.6			36.0	(8.6)	(10.8)

(*) 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 2008	Q2 2008	Q3 2008	Q4 2008	Acc 2008	Acc 2007	Full Year 2007
Daily average ore treated ('000 tonnes)	29.8	27.8			28.8	27.1	26.8
Average ore grade (%)	1.16	1.16			1.16	1.23	1.23
Average recovery (%)	76.8	75.4			76.1	77.4	77.8
Copper cathodes ('000 tonnes)	23.9	22.7			46.6	46.8	93.0
Cash costs (cents per pound)	129.4	147.9			138.5	96.9	109.8

Michilla	Q1 2008	Q2 2008	Q3 2008	Q4 2008	Acc 2008	Acc 2007	Full Year 2007
Daily average ore treated ('000 tonnes)	16.2	15.4			15.8	15.3	14.8
Average ore grade (%)	0.98	1.04			1.01	1.04	1.03
Average recovery (%)	80.6	80.6			80.6	79.7	79.1
Copper cathodes ('000 tonnes)	11.5	11.6			23.1	23.4	45.1
Cash costs (cents per pound)	191.4	198.8			195.1	132.3	143.5

Transport	Q1 2008	Q2 2008	Q3 2008	Q4 2008	Acc 2008	Acc 2007	Full Year 2007
Rail tonnage transported ('000 tons)	1,224	1,400			2,624	2,554	5,008
Road tonnage transported ('000 tons)	273	311			584	663	1,313

Water	Q1 2008	Q2 2008	Q3 2008	Q4 2008	Acc 2008	Acc 2007	Full Year 2007
Water volume sold – potable and untreated ('000 m ³) **	10,743	10,248			20,991	19,809	39,858

(**) Note: Water volumes include water transportation on behalf of third parties of 353,000 m³ in Q1 and 333,000 m³ in Q2 (300,000 m³ in Q1 2007 and 266,000 m³ in Q2 2007).