

4 November, 2008

Highlights

- **Group copper production in Q3 was up 3.9% to 123,700 tonnes compared to 119,000 tonnes in Q2, mainly due to higher ore grades at Los Pelambres. Cumulative production in the first nine months of 2008 was 357,300 tonnes compared with 312,600 tonnes in the same period of 2007, an increase of 14.2%.**
- **Molybdenum production in Q3 was 1,900 tonnes compared with 2,000 tonnes in Q2 due to lower plant throughput offset by higher metallurgical recoveries. Cumulative production of 5,700 tonnes was lower than the first nine months of 2007 but remained marginally ahead of year-to-date budget.**
- **Group cash costs in Q3 were 76.4 cents per pound compared with 72.3 cents per pound in Q2, reflecting lower by-product credits and, to a lesser extent, higher on-site costs which 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	123.7		357.3	312.6	428.1
Total production of payable moly ('000 tonnes)	1.8	2.0	1.9		5.7	7.4	10.2
Weighted average cash costs (cents per pound)	72.2	72.3	76.4		73.6	30.2	31.6

Los Pelambres

Los Pelambres produced 90,000 tonnes of payable copper in Q3, 6.3% above Q2 production. This was mainly due to higher ore grades and improved metallurgical recoveries, marginally offset by lower plant throughput as a result of scheduled maintenance work. Cumulative production of 253,800 tonnes remains in line with forecast.

Molybdenum production was 1,900 tonnes in the third quarter, slightly below the second quarter of 2008. The decrease was mainly due to the lower throughput, partly offset by higher metallurgical recoveries as a result of process improvements. Cumulative molybdenum production, while lower than last year as expected, remains marginally ahead of year-to-date forecast.

Cash costs in Q3 were 40.0 cents per pound compared to 34.6 cents per pound in Q2. The increase was mainly due to lower by-product credits per pound of copper produced (reflecting the higher copper production volume in the quarter), partly offset by reduced tolling charges. On-site and shipping costs did not change materially.

Cash costs during the first nine months of 2008 were 37.4 cents per pound compared with negative 12.1 cents per pound for the same period last year, an increase of 49.5 cents per pound. This was mainly due to higher on-site and shipping costs and lower by-products credits, partly offset by lower tolling charges. On-site and shipping costs increased in line with budget by 24.9 cents mainly due to higher energy prices, machinery rental and maintenance costs. By-product credits decreased by 37.0 cents mainly due to lower molybdenum volumes for this year as forecast. Tolling charges decreased by 12.4 cents reflecting the continued favourable concentrates market. Pre-credit cash costs, though higher than 2007, remained in line with forecast for the period to date.

As announced on 23 October 2008, Los Pelambres reached a binding settlement in respect of the remaining litigation concerning the Mauro tailings dam which will allow its operation to commence in November this year.

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El Tesoro

Cathode production at El Tesoro in Q3 was 21,500 tonnes, compared with 22,700 tonnes produced in Q2. The decrease was due to a lower throughput level and lower metallurgical recoveries as a result of higher moisture and clay content in the ore treated during Q3, partly offset by higher ore grades. Cumulative production remained similar to 2007 and in line with forecast.

Cash costs in Q3 were 156.7 cents per pound, 8.8 cents per pound above the previous quarter. The increase was mainly due to higher labour costs as a result of the effects of the conclusion of a 46 month labour agreement, including the payment of a one-off bonus, as well as higher acid prices. The cash costs for the first nine months of the year of 144.2 cents per pound were broadly in line with budget.

Michilla

Michilla produced 12,300 tonnes of copper cathodes in the third quarter of 2008, and 35,400 tonnes during the first nine months of the year, slightly ahead of the year-to-date budget. This was the result of both ore throughput and metallurgical recovery levels being higher than expected.

Cash costs in Q3 were 201.8 cents per pound, 3.0 cents per pound above the previous quarter, mainly due to the increased costs of purchasing material from third parties, higher acid and energy prices, and increased labour costs.

Projects and Exploration

The Esperanza project remains on schedule with first production expected by the end of 2010. Pre-stripping was 11.4% complete at the end of September as planned and full construction, which commenced in Q3 following environmental approval in June is also advancing on schedule.

In July, Los Pelambres announced a further expansion which is expected to increase production of payable copper by an annual average of 90,000 tonnes over the first 15 years from early 2010. This project is also progressing as planned.

As announced on 25 August 2008 the agreed transaction between the Group and Marubeni Corporation ("Marubeni") closed, with the result that Marubeni has acquired a 30% interest in each of Minera Esperanza and Minera El Tesoro, both of which were until then wholly owned by the Group. The total consideration received by the Group was US\$1,401 million.

Feasibility studies for the Reko Diq project in Pakistan and the Antucoya project in Chile remain in progress with completion expected in the first half of 2009.

Following the memorandum of understanding announced in April 2008, the Group signed an agreement in October with Empresa Nacional del Petroleo ("ENAP") of Chile for the exploration and development of potential sources of geothermal energy in Chile. Under this agreement, a new company, Energía Andina S.A., has been formed with an initial capital of US\$15 million and is owned 60% by the Group and 40% by ENAP.

Commodity prices

The LME copper price averaged 348.9 cents per pound in 2008 Q3, compared with 383.2 cents per pound in 2008 Q2. The average price for the first nine months of 2008 was 361.3 cents per pound compared with 321.5 cents per pound in the first nine months of 2007.

The market molybdenum price averaged US\$33.5 per pound in 2008 Q3, compared with US\$32.9 per pound in 2008 Q2. The average price for the first nine months of 2008 was US\$33.2 per pound compared with US\$29.5 per pound in the first nine months of 2007.

The realised copper and molybdenum prices which the Group will recognise for its sales in the third quarter will differ from the average market prices shown above because, in line with industry practice, sales agreements generally provide for provisional pricing at the time of shipment with final pricing based on the average market price for future periods. The average settlement period for copper concentrate sales is approximately four months from shipment date, for copper cathode sales approximately one month from shipment, and for molybdenum sales approximately three months from shipment. Additionally, under IFRS open sales are marked to market at the end of each period through adjustments to turnover in the income statements using forward prices in the case of copper concentrate and copper cathode sales and period-end prices for molybdenum sales. In accordance with normal practice, these adjustments will be reported for the third quarter when the Group reports its unaudited quarterly results on 27 November 2008.

Transport

The transport division had a solid operational performance. Combined rail and road volumes transported during the first nine months of the year of 5,064,000 tonnes were 6.6% higher than the same period in 2007, while tonnages for 2008 Q3 were 8.4% higher than Q2. The higher tonnages in both cases were mainly attributable to increasing volumes from the San Cristobal mine.

Water

The water business continued to perform well. Volumes in the first nine months of 2008 were 6.9% above the same period of 2007, mainly due to increased volumes from industrial clients. Volumes in Q3 were marginally ahead of the previous quarter.

Interim Management Statement

This report represents the Interim Management Statement for the purposes of the UK Listing Authority's Disclosure and Transparency Rules. Other than as set out above, there have been no significant changes in the financial position of the Group in the quarter ended 30 September 2008.

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	136.6		139.9	123.9	126.3
Average ore grade (%)	0.71	0.74	0.79		0.74	0.70	0.71
Average recovery (%)	91.1	91.8	92.6		91.9	91.8	92.3
Concentrate produced ('000 tonnes)	272.0	299.2	301.5		872.6	597.9	872.1
Average concentrate grade (%)	30.2	29.7	30.3		30.1	36.2	34.5
Fine copper in concentrate ('000 tonnes)	82.0	87.7	93.2		262.8	215.6	300.1
Payable copper in concentrate ('000 tonnes)	79.1	84.7	90.0		253.8	208.4	289.9
Average moly ore grade (%)	0.019	0.018	0.018		0.018	0.030	0.030
Average moly recovery (%)	73.5	80.8	84.3		79.5	73.3	74.2
Payable moly ('000 tonnes)	1.8	2.0	1.9		5.7	7.4	10.2
Cash costs statistics							
On-site and shipping costs (cents per pound)	100.4	99.1	99.5		99.6	74.7	76.3
Tolling charges for concentrates (cents per pound)	20.3	19.3	14.9		18.0	30.4	29.6
By - product credits (cents per pound) *	(83.2)	(83.7)	(74.3)		(80.2)	(117.2)	(116.7)
Cash costs (cents per pound)	37.4	34.6	40.0		37.4	(12.1)	(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	26.9		28.2	26.3	26.8
Average ore grade (%)	1.16	1.16	1.19		1.17	1.24	1.23
Average recovery (%)	76.8	75.4	72.9		75.1	78.0	77.8
Copper cathodes ('000 tonnes)	23.9	22.7	21.5		68.1	69.4	93.0
Cash costs (cents per pound)	129.4	147.9	156.7		144.2	103.4	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	15.4		15.7	15.2	14.8
Average ore grade (%)	0.98	1.04	1.11		1.04	1.04	1.03
Average recovery (%)	80.6	80.6	79.3		80.2	79.2	79.1
Copper cathodes ('000 tonnes)	11.5	11.6	12.3		35.4	34.9	45.1
Cash costs (cents per pound)	191.4	198.8	201.8		197.4	137.7	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	1,480		4,105	3,749	5,008
Road tonnage transported ('000 tons)	273	311	375		959	1,003	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	10,534		31,524	29,488	39,858

(**) Note: Water volumes include water transportation of 353,000 m³ in Q1; 333,000 m³ in Q2 and 327,000 m³ in Q3 (300,000 m³ in Q1 2007; 266,000 m³ in Q2 2007 and 348,000 m³ in Q3 2007).