

3 November, 2009

## Highlights

- **Group copper production increased by 3.4% from 106,300 tonnes in Q2 to 109,900 tonnes in Q3 mainly due to higher production at El Tesoro. Cumulative production in the first nine months of the year was slightly ahead of budget at 328,100 tonnes. As forecast, production decreased compared with the same period in 2008 mainly due to lower throughput at Los Pelambres.**
- **Molybdenum production at Los Pelambres was 2,100 tonnes in Q3 and 5,800 tonnes in the first nine months of the year, in line with budget.**
- **Group cash costs in Q3 were 81.7 cents per pound, 15.8 cents per pound below Q2 2009 and lower than budget. The decrease in cash costs in Q3 was mainly due to increased by-product credits, resulting from higher molybdenum market prices.**
- **Costs excluding by-product credits were 118.3 cents per pound in Q3, marginally below Q2 costs of 120.0 cents per pound.**

Group Total	Q1 2009	Q2 2009	Q3 2009	Q4 2009	Acc 2009	Acc 2008	Full Year 2008
Total production of payable copper ('000 tonnes)	111.9	106.3	109.9		328.1	357.3	477.7
Total production of payable moly ('000 tonnes)	1.7	2.0	2.1		5.8	5.7	7.8
Weighted average cash costs before by-product credits (cents per pound)	112.1	120.0	118.3		116.7	130.6	129.3
Weighted average cash costs (cents per pound)	97.5	97.5	81.7		92.2	73.6	87.3

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## Mining operations

### Los Pelambres

Los Pelambres produced 74,200 tonnes of payable copper in Q3 and 231,700 tonnes in the first nine months of 2009, 8.7% below the first nine months of 2008 but slightly ahead of budget. The decrease in production compared with the first nine months of 2008 was mainly due to lower plant throughput due to the higher level of harder primary ore partly offset by a marginal increase in metallurgical recoveries. The decreased production in Q3 compared to the 77,300 tonnes in Q2 was due to lower plant throughput as a consequence of scheduled maintenance work during September and lower metallurgical recoveries, partly offset by marginally higher ore grades.

Molybdenum production was 2,100 tonnes in Q3 and 5,800 tonnes in the first nine months of 2009, in line with budget and comparable with the first nine months of 2008. The slight increase in production in Q3 compared to the 2,000 tonnes produced in Q2 reflected improved molybdenum ore grades partly offset by the lower throughput and metallurgical recoveries.

Cash costs were 60.6 cents per pound in Q3, 24.1 cents per pound below Q2 cash costs and lower than budget. This decrease in cash costs was mainly due to a 23.0 cent increase in by-product credits per pound of copper produced as a result of higher molybdenum market prices. There was a slight increase in on-site and shipping costs compared with Q2, mainly due to the lower production as a consequence of the scheduled maintenance, partially off-set by lower energy prices and a 1.7 cents per pound decrease in tolling charges.

Year-to-date cash costs were 77.0 cents per pound, compared with 37.4 cents per pound in the same period of 2008. The increase was mainly due to lower by-product credits as a result of lower molybdenum market prices compared with the same period in 2008 partly offset by a decrease in on-site and shipping costs. This decrease was mainly due to a reduction in shipping costs as well as reductions in consumable costs, in particular energy and oil, reflecting lower price levels compared with the same period in 2008.

### ***El Tesoro***

Copper cathode production at El Tesoro was 25,800 tonnes in Q3 2009, compared with 19,700 tonnes in Q2. This increase mainly was a consequence of higher ore grades due to additional material processed from the Tesoro North-East deposit, which started production in April 2009, and run-of-mine processing of the Esperanza oxide cap, which commenced in July 2009. Cumulative production of 65,900 tonnes was slightly below the same period of 2008, due to lower plant throughput and metallurgical recoveries.

Cash costs for Q3 were 113.4 cents per pound compared with 121.3 cents per pound in the previous quarter. This reduction was mainly due to lower sulphuric acid prices.

Cash costs in the first nine months 2009 were 119.1 cents per pound, a 25.1 cents per pound reduction from same period in 2008, mainly due to lower energy and acid costs, the weaker Chilean peso, and the impact of the cost reduction programme implemented from the start of 2009.

### ***Michilla***

Michilla produced 9,900 tonnes of copper cathodes in Q3 2009, achieving a total of 30,500 tonnes during the first nine months of the year, ahead of budget. Q3 production was higher than the previous quarter's production mainly due to improved ore grades and higher plant throughput, slightly off-set by lower metallurgical recoveries. The decrease in the year-to-date production compared with the 35,400 tonnes produced in the first nine months of 2008 was due to reduced plant throughput and lower ore grades including the effect of suspending operations at the high cost Lince open pit in Q1 2009.

Cash costs for Q3 were 159.0 cents per pound compared with 154.1 cents per pound for Q2. This increase was due to the higher cost of purchased material reflecting higher copper prices and the increased cost of reagents and other input costs.

Cash costs were 150.5 cents per pound in the first nine months of the year, a 46.9 cents per pound reduction compared to the same period in 2008. This was due to cost savings from the suspension of the Lince open pit and reduced consumption of some inputs.

Michilla has been reviewing alternatives for extending the mine life beyond 2009, based on increasing capacity in the Estefanía underground mine and third party operations, and has now approved an extension of its mine plan through to 2012. Average annual cathode production between 2010-2012 is expected to be approximately 37,000 tonnes and capital costs relating to this are expected to be approximately US\$26.5 million over this period. Michilla will also carry out studies examining the potential to extend the life of the operation through to 2018; the exploration and capital costs for this are estimated at approximately US\$59.2 million over this period.

## **Projects and exploration**

The plant expansion at Los Pelambres and the Esperanza project both remain on schedule. The Los Pelambres expansion is expected to be completed by the end of 2009 and the Esperanza project is expected to start production in late 2010. Esperanza began drawing down its project finance facility in July and Los Pelambres is continuing to review its financing options in relation to its expansion.

In August, a decision was taken to progress with a full feasibility study for a stand-alone heap leach SX-EW project at Antucoya. The feasibility study is expected to be completed at the end of 2010.

In line with its stated long-term strategy for growth, the Group has entered into further exploration agreements which complement its existing agreements in Chile, Zambia and Mexico as well as its Reko Diq joint venture in Pakistan which is undergoing a feasibility study.

As previously announced, in September 2009 the Group entered into an exploration agreement with Sunridge Gold Corp ("Sunridge"). Under this agreement the Group can earn an initial 60% interest in Sunridge's Asmara project in Eritrea by funding US\$10 million of exploration work over a 5-year period, and a further 15% interest (for an aggregate 75% interest in the project) by delivering a feasibility study on the project. In October 2009

the Group acquired approximately 18% of the issued share capital of Sunridge under a private placement for a consideration of US\$5 million.

In October 2009 the Group entered into an agreement with Ormonde Mining plc (“Ormonde”) in respect of its La Zarza deposit in southern Spain. The Group has the right to earn a 51% interest in the deposit over a three year period by funding US\$7 million of exploration and subsequent evaluation activities, with a minimum commitment of US\$1 million in the first year. Antofagasta will have the right to further increase its interest in the La Zarza project to 75% by funding a feasibility study for the project.

## Commodity prices and exchange rates

The LME copper price averaged 264.9 cents per pound in Q3 2009, compared with 212.1 cents per pound in Q2 2009. The average price for the first nine months of 2009 was 211.5 cents per pound, compared with 361.3 cents per pound same period 2008 and 315.3 cents per pound in the 2008 full year. The LME spot copper price at the end of Q3 2009 was 278.3 cents per pound.

The market molybdenum price averaged US\$14.7 per pound in Q3 2009, compared with US\$9.2 per pound in Q2 2009. The average price for the first nine months of 2009 was US\$10.9 per pound compared with US\$33.2 per pound in same period 2008 and US\$28.9 per pound in the 2008 full year. The average market molybdenum price for September 2009 was US\$14.4 per pound.

The realised copper and molybdenum prices which the Group will recognise for its sales in the first nine months of the year 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 the month in which settlement takes place. The typical period for which sales remain open until settlement occurs 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 first nine months of the year when the Group reports its Q3 financial report on 26 November 2009.

The Chilean peso / US dollar exchange rate averaged Ch\$545.5 / US\$1 in Q3 2009, compared with Ch\$567.4 / US\$1 in Q2 2009. The average exchange rate for the first nine months of 2009 was Ch\$573.2 / US\$1, compared with Ch\$483.1 / US\$1 for the first nine months of 2008 and Ch\$521.8 / US\$1 in the 2008 full year. The exchange rate at 30 September 2009 was Ch\$550.4 / US\$1.

## Transport

The transport business performed strongly in the first nine months of 2009 with total rail and road volumes transported of 5,828,000 tonnes, an increase of 15.1% compared with the same period in 2008, primarily because of the San Cristobal and Gaby contracts which achieved full tonnage volumes in the second half of 2008.

## Water

The water business performed well in the first nine months of the year. Volumes sold during this period increased by 3.8% in comparison with same period in 2008, reaching 32.7 million cubic metres. This was due to increased demand from both domestic and mining clients.

## 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 since 30 June 2009.

The totals in the tables below may include some small apparent differences as the specific individual figures have not been rounded.

Los Pelambres	Q1 2009	Q2 2009	Q3 2009	Q4 2009	Acc 2009	Acc 2008	Full Year 2008
<b>Production statistics</b>							
Daily average ore treated ('000 tonnes)	131.5	132.6	125.0		129.6	139.9	136.8
Average ore grade (%)	0.77	0.72	0.73		0.74	0.74	0.76
Average recovery (%)	93.2	91.9	91.1		92.1	91.9	92.1
Concentrate produced ('000 tonnes)	249.1	243.2	226.5		718.8	872.6	1,135.2
Average concentrate grade (%)	33.9	32.9	33.9		33.6	30.1	30.9
Fine copper in concentrate ('000 tonnes)	83.0	80.1	76.8		239.8	262.8	351.1
Payable copper in concentrate ('000 tonnes)	80.2	77.3	74.2		231.7	253.8	339.2
Average moly ore grade (%)	0.019	0.020	0.022		0.020	0.018	0.019
Average moly recovery (%)	79.7	83.2	81.1		81.4	79.5	80.1
Payable moly ('000 tonnes)	1.7	2.0	2.1		5.8	5.7	7.8
<b>Cash costs statistics</b>							
On-site and shipping costs (cents per pound)	87.5	94.2	94.8		92.1	99.6	99.5
Tolling charges for concentrates (cents per pound)	17.6	21.4	19.7		19.5	18.0	17.0
By - product credits (cents per pound) <sup>(1)</sup>	(20.4)	(30.9)	(53.9)		(34.6)	(80.2)	(59.2)
Cash costs (cents per pound)	84.7	84.7	60.6		77.0	37.4	57.3

<sup>(1)</sup> 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 2009	Q2 2009	Q3 2009	Q4 2009	Acc 2009	Acc 2008	Full Year 2008
Daily average ore treated ('000 tonnes)	28.2	27.5	26.8		27.5	28.2	28.5
Average ore grade (%)	1.04	1.17	1.42		1.21	1.17	1.16
Average recovery (%)	74.4	70.7	71.6		72.1	75.1	74.7
Copper cathodes <sup>(2)</sup> ('000 tonnes)	20.4	19.7	25.8		65.9	68.1	90.8
Cash costs (cents per pound)	124.2	121.3	113.4		119.1	144.2	144.7

<sup>(2)</sup> Copper cathode production volumes at El Tesoro in Q3 2009 include 600 tonnes from the run-of-mine processing of the Esperanza oxide cap. The average daily throughput, ore grade and recovery figures shown above relate to the Tesoro and Tesoro North-East open pits and do not include amounts relating to this material.

Michilla	Q1 2009	Q2 2009	Q3 2009	Q4 2009	Acc 2009	Acc 2008	Full Year 2008
Daily average ore treated ('000 tonnes)	14.7	14.8	15.6		15.0	15.7	15.5
Average ore grade (%)	1.09	0.88	0.95		0.97	1.04	1.06
Average recovery (%)	78.8	77.6	77.2		77.9	80.2	80.4
Copper cathodes <sup>(3)</sup> ('000 tonnes)	11.4	9.3	9.9		30.5	35.4	47.7
Cash costs (cents per pound)	140.3	154.1	159.0		150.5	197.4	191.1

<sup>(3)</sup> Copper production volumes at Michilla mainly comprise LME Grade A cathodes, with a small volume of other fine copper material.

Transport	Q1 2009	Q2 2009	Q3 2009	Q4 2009	Acc 2009	Acc 2008	Full Year 2008
Rail tonnage transported ('000 tons) <sup>(4)</sup>	1,548	1,545	1,658		4,751	4,105	5,644
Road tonnage transported ('000 tons) <sup>(4)</sup>	358	350	368		1,077	959	1,353

<sup>(4)</sup> Rail tonnages are the aggregate of the volumes of the FCAB rail network in Chile and the Andino rail network in Bolivia. Shipments from customers which are carried on both networks are included in both the FCAB and Andino volumes which are combined to calculate the total rail tonnages shown above. Similarly, shipments which are carried by rail and by road are included in both the rail and road volumes shown above.

Water	Q1 2009	Q2 2009	Q3 2009	Q4 2009	Acc 2009	Acc 2008	Full Year 2008
Water volume sold – potable and untreated ('000 m <sup>3</sup> ) <sup>(5)</sup>	11,187	10,870	10,679		32,736	31,524	42,674

<sup>(5)</sup> Water volumes include water transportation of 343,000 m<sup>3</sup> in Q1; 301,000 m<sup>3</sup> in Q2 and 242,000 m<sup>3</sup> in Q3 (353,000 m<sup>3</sup> in Q1 2008; 333,000 m<sup>3</sup> in Q2 2008; 327,000 m<sup>3</sup> in Q3 2008 and total for 2008 of 1,351,000 m<sup>3</sup>).