

For immediate release

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Unaudited Results for the Three Months ended 31 March 2009

London, 28 May 2009

Highlights

	Three months ended 31 March 2009 US\$m	Three months ended 31 March 2008 US\$m	Change %	Full year 2008 US\$m
Group turnover	544.5	1,129.6	-51.8%	3,372.6
Group EBITDA	264.6	825.9	-68.0%	1,899.8

Group turnover and EBITDA in the three months ended 31 March 2009 decreased compared with the first quarter of 2008 principally due to the impact of lower market and realised commodity prices, as set out in further detail below. As highlighted in the Group's first quarter production report released on 30 April 2009, copper and molybdenum production was slightly ahead of forecast but as expected marginally below the first quarter of 2008. Cash costs, excluding by-product credits, were 13.4% below the first quarter of 2008 and in line with expectations.

Turnover

Group turnover in the three months ended 31 March 2009 was US\$544.5 million compared with US\$1,129.6 million in the same period of 2008. The decrease was mainly due to the impact of lower realised prices for copper and molybdenum partly offset by increased copper sales volumes.

London Metal Exchange ("LME") copper prices averaged 155.8 cents per pound compared with 352.1 cents per pound in the three months ended 31 March 2008. At 31 March 2009 the weighted average forward copper price for unsettled sales was 182.4 cents per pound, resulting in positive mark-to-market adjustments of open provisional sales due to this increase in the copper price during the first quarter. This resulted in a realised copper price higher than the LME average for the three month period, at 207.3 cents per pound, compared with 439.2 cents per pound in the comparative quarter, when the copper price also increased. The net impact of provisional pricing adjustments to copper sales for the three months ended 31 March 2009 was a positive adjustment of US\$113.5 million, which comprised a positive adjustment of US\$54.4 million in respect of the settlement of open sales during the period (after taking into account the opening mark-to-market adjustment), and a positive period end mark-to-market adjustment of US\$59.1 million.

Market molybdenum prices averaged US\$8.9 per pound in the three months, a decrease from the average price of US\$33.2 per pound in the three months ended 31 March 2008. The realised molybdenum price for the quarter was slightly lower than the average market price at US\$7.8 per pound, due to the impact of negative provisional pricing adjustments.

The volume of copper sold was 106,900 tonnes (three months ended 31 March 2008 – 100,700 tonnes). Sales in the comparative period were affected by timing differences in shipping and loading schedules which had resulted in an increase in inventories at the end of March 2008. Copper production in the three months ended 31 March 2009 was 111,900 tonnes, compared with 114,600 tonnes in the first quarter of 2008. This decrease in production was mainly due to lower throughput partly offset by slightly higher ore grades and metallurgical recoveries at Los Pelambres.

Molybdenum sales and production volumes were 1,700 tonnes, which was consistent with the comparative period (three months ended 31 March 2008 – sales volumes of 1,700 tonnes and production volumes of 1,800 tonnes).

The transport division's sales were broadly stable at US\$33.6 million (three month ended 31 March 2008 – US\$33.7 million), while the water division saw a slight decrease in sales to US\$21.4 million (three month ended 31 March 2008 –

US\$22.9 million). Both divisions increased their sales volumes, but this was offset by the impact of the depreciation of the Chilean peso on peso-denominated sales.

Further details of production and sales volumes and realised prices by mining operation are given in Note 2, and an analysis of turnover by business segment is given in Note 3. Further details of the operating performance of each mine and the rail and water division are also given in the Group's first quarter production report released on 30 April 2009.

EBITDA

Group EBITDA in the three months ended 31 March 2009 was US\$264.6 million, compared with US\$825.9 million in the first three months of 2008. The decreased revenues discussed above were partly offset by lower on-site and shipping costs. Weighted average cash costs for the Group excluding by-product credits (which are reported as part of turnover) and tolling charges for concentrates (which are deducted from turnover) – i.e. on-site and shipping costs in the case of Los Pelambres and cash costs in the case of the other two operations – decreased from 115.5 cents per pound in the first three months of 2008 to 99.6 cents per pound in the three months ended 31 March 2009. This reduction was due to the previously announced cost reduction programme, which the Group implemented from the start of 2009, as well as a general easing of market cost pressures. Further details of the cash costs of each mine are given in the Group's first quarter production report.

The amount recognised within turnover and EBITDA during the current period in respect of the Group's commodity hedging programme was a gain of US\$8.1 million in respect of derivative instruments which matured during the period. In addition to this amount recognised within EBITDA, a loss of US\$9.5 million was recognised within other finance items, in respect of the time value element of the mark-to-market adjustments, which is excluded from the designated hedging relationship. A loss of US\$39.8 million (on a pre-tax basis) was recognised directly within reserves and minority interests, in respect of the intrinsic value element of the mark-to-market adjustments, which forms part of the designated effective hedging relationship.

Further details of cash costs by mining operation are given in Note 2, and an analysis of EBITDA by business segment is given in Note 3. Details of commodity instruments, including those entered into after the period end, are given in Note 5.

Cash and Borrowings

At 31 March 2009 the Group had cash and cash equivalents of US\$3,082.5 million (31 December 2008 – US\$3,358.0 million). Excluding the minority share in each partly-owned operation, the Group's attributable share of total cash and cash equivalents was US\$2,879.2 million (31 December 2008 – US\$3,085.7 million). Total Group borrowings at 31 March 2009 were US\$723.2 million (31 December 2008 – US\$438.9 million). Of this, US\$450.5 million (31 December 2008 – US\$282.3 million) is proportionally attributable to the Group after excluding the minority shareholdings in partly-owned operations. The decrease in the Group's net cash is mainly due to capital expenditure incurred during the period, and working capital movements.

As announced on 15 May 2009, the Group's subsidiary Esperanza has signed definitive agreements for a US\$1,050 million project financing of the Esperanza project in Chile. The financing is for a term of approximately 12 years, with first disbursement expected to take place in mid 2009.

Basis of Information

The Group turnover and EBITDA figures included in this release for the three-month period ended 31 March 2009 are presented on a basis consistent with the accounting policies used in the Group's 2008 Annual Report and Financial Statements under International Financial Reporting Standards and Interpretations ("IFRS").

The Group's four mining companies, Los Pelambres, El Tesoro, Michilla and Esperanza, will today also file quarterly financial statements under Chilean GAAP for the three-month period ended 31 March 2009 with the Chilean securities regulator, the Superintendencia de Valores y Seguros de Chile ("SVS"). These filings are in accordance with mining tax legislation introduced in Chile in 2005 which required companies that have elected to enter a tax stability regime to publish quarterly financial information from the 2006 financial year onwards. This release includes a summary of the Chilean GAAP income statement, balance sheet and cash flow statement for each of the three mining companies to be filed with the SVS.

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Notes

1. General information and accounting policies

These unaudited first quarter results are for the three-month period ending 31 March 2009. The Group turnover and EBITDA information, including all comparatives, have been prepared on the basis of the accounting policies set out in the Group's statutory accounts for the year to 31 December 2008 and in accordance with applicable International Financial Reporting Standards and Interpretations (IFRS) which have been endorsed by the European Union.

While the turnover and EBITDA information contained in this three month results announcement has been computed in accordance with IFRS, this announcement does not itself contain sufficient information to comply with IFRS. The information included in this announcement for the three month periods ending 31 March 2008 and 31 March 2009 is unaudited.

The information contained in this announcement for the year ended 31 December 2008 does not constitute statutory accounts. The statutory accounts for that year have been approved by the Board and will be delivered to the Registrar of Companies following the Company's Annual General Meeting which will be held on 10 June 2009. The auditors' report on these accounts was unqualified and did not contain a statement under section 237(2) (regarding adequacy of accounting records and returns) or section 237(3) (regarding provision of necessary information and explanations) of the Companies Act 1985. The comparative information contained in Note 2 of this announcement is not derived from the statutory accounts for the year ended 31 December 2008 and is accordingly not covered by the auditors' report.

2. Production and Sales Statistics

(See notes following Note 2(b).)

(a) Production and sales volumes for copper and molybdenum

	<u>Production</u>			<u>Sales</u>		
	Three months ended	Three months ended	Full year	Three months ended	Three months ended	Full year
	31 March 2009	31 March 2008	2008	31 March 2009	31 March 2008	2008
	000 tonnes	000 tonnes	000 tonnes	000 tonnes	000 tonnes	000 tonnes
Copper						
Los Pelambres	80.2	79.1	339.2	75.6	65.8	340.6
El Tesoro	20.4	23.9	90.8	20.3	23.6	90.9
Michilla	11.4	11.5	47.7	11.0	11.3	47.5
Group total	111.9	114.6	477.7	106.9	100.7	479.0
Molybdenum						
Los Pelambres	1.7	1.8	7.8	1.7	1.7	7.7

(b) Cash costs per pound of copper produced and realised prices per pound of copper and molybdenum sold

	<u>Cash cost</u>			<u>Realised prices</u>		
	Three months ended	Three months ended	Full year	Three months ended	Three months ended	Full year
	31 March 2009	31 March 2008		31 March 2009	31 March 2008	
	US cents	US cents	US cents	US cents	US cents	US cents
Copper						
Los Pelambres	84.7	37.4	57.3	217.2	469.6	246.5
El Tesoro	124.2	129.4	144.7	192.2	383.8	315.6
Michilla	140.3	191.4	191.1	168.2	378.9	317.7
Group weighted average (net of by-products)	97.5	72.2	87.3	207.3	439.2	266.7
Group weighted average (before deducting by-products)	112.1	129.5	129.3			
Group weighted average (before deducting by-products and excluding tolling charges from concentrates)	99.6	115.5	117.2			
Cash costs at Los Pelambres comprise:						
On-site and shipping cost	87.5	100.4	99.5			
Tolling charges for concentrates	17.6	20.3	17.0			
Cash costs before deducting by-product credits	105.1	120.7	116.5			
By-product credits (principally molybdenum)	(20.4)	(83.2)	(59.2)			
Cash costs (net of by-product credits)	84.7	37.4	57.3			
LME average				155.8	352.1	315.3
				US\$	US\$	US\$
Molybdenum						
Los Pelambres				7.8	32.5	23.9
Market average price				8.9	33.2	28.9

Notes to the production and sales statistics

- (i) The production and sales figures represent the actual amounts produced and sold, not the Group's share of each mine. The Group owns 60% of Los Pelambres, 70% of El Tesoro (100% prior to 25 August 2008) and 74.2% of Michilla.
- (ii) Los Pelambres produces copper and molybdenum concentrates, and the figures for Los Pelambres are expressed in terms of payable metal contained in concentrate. Los Pelambres is also credited for the gold and silver contained in the copper concentrate sold. El Tesoro and Michilla produce cathodes with no by-products.
- (iii) Cash costs are a measure of the cost of operational production expressed in terms of cents per pound of payable copper produced. Cash costs are stated net of by-product credits and include tolling charges for concentrates at Los Pelambres. Cash costs exclude depreciation, financial income and expenses, hedging gains and losses, exchange gains and losses and corporation tax for all three operations. By-product calculations do not take into account mark-to-market gains for molybdenum at the beginning or end of each period.

- (iv) Realised copper prices are determined by comparing turnover from copper sales (grossing up for tolling charges for concentrates) with sales volumes for each mine in the period. Realised molybdenum prices at Los Pelambres are calculated on a similar basis. In the current year realised prices reflect gains and losses on commodity derivatives, which are included within turnover.
- (v) The totals in the tables above may include some small apparent differences as the specific individual figures have not been rounded.
- (vi) The production information in Note 2(a) and the cash cost information in Note 2(b) are derived from the Group's production report for the first quarter of 2009 published on 30 April 2009.

3. Turnover and EBITDA analysed by business segment

	<u>Turnover</u>			<u>EBITDA</u>		
	Three months ended	Three months ended	Full year	Three months ended	Three months ended	Full year
	31 March 2009	31 March 2008		31 March 2009	31 March 2008	
	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m
Los Pelambres	362.7	778.9	2,172.0	214.4	634.2	1,429.7
El Tesoro	86.0	199.7	632.4	29.9	132.5	342.8
Michilla	40.8	94.4	332.7	8.6	47.4	118.4
Exploration	-	-	-	(14.4)	(6.6)	(54.9)
Corporate and other items	-	-	-	(7.9)	(10.6)	(54.2)
Mining	489.5	1,073.0	3,137.1	230.6	796.9	1,781.8
Railway and other transport services	33.6	33.7	151.0	18.5	14.0	64.2
Water concession	21.4	22.9	84.5	15.5	15.0	53.8
Group turnover and EBITDA	544.5	1,129.6	3,372.6	264.6	825.9	1,899.8

Turnover at Los Pelambres by mineral:

	<u>Before deducting tolling charges</u>			<u>Tolling charges</u>			<u>Net of tolling charges</u>		
	Three months ended	Three months ended	Full year	Three months ended	Three months ended	Full year	Three months ended	Three months ended	Full year
	31 March 2009	31 March 2008		31 March 2009	31 March 2008		31 March 2009	31 March 2008	
	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m
Copper	361.8	681.2	1,850.9	(32.0)	(32.9)	(113.1)	329.8	648.3	1,737.8
Molybdenum	28.7	121.5	407.0	(3.0)	(3.0)	(12.2)	25.7	118.5	394.8
Gold and silver	7.3	12.2	39.9	(0.1)	(0.1)	(0.5)	7.2	12.1	39.4
Los Pelambres	397.8	814.9	2,297.8	(35.1)	(36.0)	(125.8)	362.7	778.9	2,172.0

Notes to turnover and EBITDA by business segment

- (i) Turnover from Railway and other transport services is stated after eliminating inter-segmental sales to the mining division of US\$2.8 million (three months ended 31 March 2008 – US\$3.9 million; full year 2008 – US\$13.2 million).
- (ii) Turnover from the Water concession is stated after eliminating inter-segmental sales to the mining division of US\$1.1 million (three months ended 31 March 2008 – US\$0.2 million; full year 2008 – US\$2.7 million), and to the Railway and other transport services of US\$0.1 million (three months ended 31 March 2008 – nil; full year 2008 – US\$0.2 million).

- (iii) Turnover includes the effect of both final pricing and mark-to-market adjustments to provisionally priced sales of copper and molybdenum concentrates and copper cathodes. Further details of such adjustments are given in Note 4.
- (iv) Turnover includes realised gains on commodity derivatives at El Tesoro of US\$9.4 million (three months ended 31 March 2008 – nil; full year 2008 – US\$16.1 million) and realised losses at Michilla of US\$1.3 million (three months ended 31 March 2008 – loss of US\$2.5 million; full year 2008 – gain of US\$13.9 million). Further details of such gains or losses are given in Note 4.
- (v) Los Pelambres produces and sells copper and molybdenum concentrates. It is also credited for the gold and silver content in the copper concentrate it sells. Turnover by type of metal is analysed below to show separately the amounts prior to deduction of tolling charges, the tolling charges involved and the net amounts included in turnover. El Tesoro and Michilla do not generate by-products from their copper cathode operations.
- (vi) EBITDA is calculated by adding back depreciation, amortisation and disposals of plant, property and equipment and any impairment charges to operating profit from subsidiaries. The comparative 2008 full year EBITDA figure does not therefore include the profit on part-disposal of subsidiaries relating to the transaction with Marubeni Corporation which completed in August 2008.
- (vii) Exploration costs relating to Tethyan Copper Company Limited (“Tethyan”) have been included within the Exploration category. All other income and expenditure relating to Tethyan has been included within corporate and other items.

4. Embedded derivatives – provisionally priced sales

Copper and molybdenum concentrate sale agreements and copper cathode sale agreements generally provide for provisional pricing of sales at the time of shipment, with final pricing being based on the monthly average London Metal Exchange copper price or monthly average molybdenum price for specified future periods. This normally ranges from 30 to 180 days after delivery to the customer.

Under IFRS, both gains and losses from the marking-to-market of open sales are recognised through adjustments to turnover in the income statement and to trade debtors in the balance sheet. The Group determines mark-to-market prices using forward prices at each period end for copper concentrate and cathode sales, and period-end month average prices for molybdenum concentrate sales due to the absence of a futures market for that commodity.

The mark-to-market adjustments at the end of each period and the effect on turnover in the income statement for each period are as follows:

	Balance sheet -		
	net mark-to-market effect on debtors		
	At 31.03.09	At 31.03.08	At 31.12.08
	US\$m	US\$m	US\$m
Los Pelambres - copper concentrate	56.5	99.6	(257.6)
Los Pelambres - tolling charges for copper concentrate	(1.2)	(3.8)	4.5
Los Pelambres - molybdenum concentrate	(2.0)	1.0	(13.3)
El Tesoro - copper cathodes	2.1	3.3	(0.8)
Michilla - copper cathodes	0.5	0.8	0.2
	55.9	100.9	(267.0)

(a) Copper sales

	Three months ended 31 March 2009			Three months ended 31 March 2008			Full year 2008		
	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m
	Los Pelambres Copper concentrate	El Tesoro Copper cathodes	Michilla Copper cathodes	Los Pelambres Copper concentrate	El Tesoro Copper cathodes	Michilla Copper cathodes	Los Pelambres Copper concentrate	El Tesoro Copper cathodes	Michilla Copper cathodes
Provisionally invoiced gross sales	259.0	69.6	38.4	503.6	177.9	90.2	2,392.8	644.2	331.0
Effects of pricing adjustments to previous period invoices									
Reversal of mark-to-market adjustments at the end of the previous period	257.6	0.8	(0.2)	72.8	1.0	(0.1)	72.8	1.0	(0.1)
Settlement of copper sales invoiced in the previous period	(213.2)	0.8	1.3	5.0	1.9	1.0	58.3	1.9	1.0
Total effect of adjustments to previous period invoices in the current period	44.4	1.6	1.1	77.8	2.9	0.9	131.1	2.9	0.9
Effects of pricing adjustments to current period invoices									
Settlement of copper sales invoiced in the current period	1.9	3.3	2.1	0.2	15.6	5.0	(415.4)	(30.0)	(13.3)
Mark-to-market adjustments at the end of the current period	56.5	2.1	0.5	99.6	3.3	0.8	(257.6)	(0.8)	0.2
Total effect of adjustments to current period invoices	58.4	5.4	2.6	99.8	18.9	5.8	(673.0)	(30.8)	(13.1)
Total pricing adjustments	102.8	7.0	3.7	177.6	21.8	6.7	(541.9)	(27.9)	(12.2)
Realised gains/(losses) on commodity derivatives	-	9.4	(1.3)	-	-	(2.5)	-	16.1	13.9
Turnover before deducting tolling charges	361.8	86.0	40.8	681.2	199.7	94.4	1,850.9	632.4	332.7
Tolling charges	(32.0)	-	-	(32.9)	-	-	(113.1)	-	-
Turnover net of tolling charges	329.8	86.0	40.8	648.3	199.7	94.4	1,737.8	632.4	332.7

Copper concentrate

Copper concentrate sales at Los Pelambres have an average settlement period of approximately four months from shipment date. At 31 March 2009, sales totalling 102,000 tonnes remained open as to price, with an average mark-to-market price of 182.6 cents per pound compared with an average provisional invoice price of 157.5 cents per pound. At 31 March 2008, sales totalling 94,000 tonnes remained open as to price, with an average mark-to-market price of 382.0 cents per pound compared with an average provisional invoice price of 333.9 cents per pound. At 31 December 2008, sales totalling 123,800 tonnes remained open as to price, with an average mark-to-market price of 138.9 cents per pound compared with an average provisional invoice price of 233.3 cents per pound.

Copper cathodes

Copper cathode sales at El Tesoro and Michilla have an average settlement period of approximately one month from shipment date. At 31 March 2009, sales totalling 9,700 tonnes remained open as to price, with an average mark-to-market price of 181.9 cents per pound compared with an average provisional invoice price of 169.9 cents per pound. At 31 March 2008, sales totalling 12,500 tonnes remained open as to price, with an average mark-to-market price of 384.7 cents per pound compared with an average provisional invoice price of 369.9 cents per pound. At 31 December 2008, sales totalling 13,200 tonnes remained open as to price, with an average mark-to-market price of 138.3 cents per pound compared with an average provisional invoice price of 140.3 cents per pound.

(b) Molybdenum sales

	Three months ended 31 March 2009	Three months ended 31 March 2008	Full year 2008
	US\$m	US\$m	US\$m
	Los Pelambres	Los Pelambres	Los Pelambres
	Molybdenum concentrate	Molybdenum concentrate	Molybdenum concentrate
Provisionally invoiced gross sales	33.3	116.9	508.2
Effects of pricing adjustments to previous period invoices			
Reversal of mark-to-market adjustments at the end of the previous period	13.3	(0.1)	(0.1)
Settlement of molybdenum sales invoiced in the previous period	(15.3)	3.2	2.7
Total effect of adjustments to previous period invoices in the current period	(2.0)	3.1	2.6
Effects of pricing adjustments to current period invoices			
Settlement of molybdenum sales invoiced in the current period	(0.6)	0.5	(90.5)
Mark-to-market adjustments at the end of the current period	(2.0)	1.0	(13.3)
Total effect of adjustments to current period invoices	(2.6)	1.5	(103.8)
Total pricing adjustments	(4.6)	4.6	(101.2)
Turnover before deducting tolling charges	28.7	121.5	407.0
Tolling charges	(3.0)	(3.0)	(12.2)
Turnover net of tolling charges	25.7	118.5	394.8

Molybdenum sales at Los Pelambres have an average settlement period of approximately three months after shipment date. At 31 March 2009, sales totalling 1,500 tonnes remained open as to price, with an average mark-to-market price of US\$8.5 per pound compared with an average provisional invoice price of US\$9.1 per pound. At 31 March 2008, sales totalling 1,300 tonnes remained open as to price, with an average mark-to-market price of US\$33.4 per pound compared with an average provisional invoice price of US\$33.1 per pound. At 31 December 2008, sales totalling 2,000 tonnes remained open as to price, with an average mark-to-market price of US\$9.5 per pound compared with an average provisional invoice price of US\$12.5 per pound.

5. Derivative Financial Instruments

The Group periodically uses derivative financial instruments to reduce exposure to commodity price, foreign exchange and interest rate movements. The Group does not use such derivative instruments for speculative trading purposes.

The Group has applied the hedge accounting provisions of IAS 39 "Financial Instruments: Recognition and Measurement". Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows have been recognised directly in equity, with such amounts subsequently recognised in the income statement in the period when the hedged item affects profit or loss. Any ineffective portion is recognised immediately in the income statement. Realised gains and losses on commodity derivatives recognised in the income statement have been recorded within turnover. The time value element of changes in the fair value of derivative options is excluded from the designated hedging relationship, and is therefore recognised directly in the income statement within other finance items.

The balance sheet mark-to-market adjustments in respect of commodity and exchange derivatives at the end of each period, and the effect on turnover and other finance items in the income statement for each period, are as follows:

	<u>Balance sheet</u>			<u>Income statement effect</u>		
	At 31.03.09	At 31.03.08	At 31.12.08	Three months ended 31 March 2009	Three months ended 31 March 2008	Full year 2008
	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m
El Tesoro	12.7	(35.6)	51.7	5.4	(26.6)	15.0
Michilla	(10.3)	(14.8)	-	(6.8)	(4.8)	13.4
Railway and other transport services	-	-	(1.4)	(1.1)	-	(1.4)
Water Concession	(1.7)	-	-	(1.7)	-	-
	0.7	(50.4)	50.3	(4.2)	(31.4)	27.0

(a) Commodity Derivatives

During the three months ended 31 March 2009 a gain of US\$8.1 million was recognised within turnover, comprising a gain of US\$9.4 million at El Tesoro and a loss of US\$1.3 million at Michilla, in respect of derivative instruments which matured during the year. A loss of US\$9.5 million was recognised within other finance items related to the time value element of the mark-to-market adjustments, which is excluded from the designated hedging relationship. A loss of US\$39.8 million (on a pre-tax basis) was recognised within reserves and minority interests, in respect of the intrinsic value element of the mark-to-market adjustments, which forms part of the designated effective hedging relationship.

At 31 March 2009, the Group had min/max instruments for 54,500 tonnes of copper production (of which 36,700 tonnes relate to El Tesoro and 17,800 tonnes relate to Michilla) covering a total period up to 31 December 2009. The weighted average remaining period covered by these hedges calculated with effect from 1 April 2009 is 5.3 months. The instruments have a weighted average floor of 168.3 cents per pound and a weighted average cap of 252.7 cents per pound.

At 31 March 2009, the Group had futures for 7,050 tonnes of copper production (of which 2,450 tonnes relate to El Tesoro and 4,600 tonnes relate to Michilla) covering a total period up to 31 January 2010. The weighted average remaining period covered by these hedges calculated with effect from 1 April 2009 is 2.3 months. The instruments have a weighted average price of 153.1 cents per pound.

At 31 March 2009, the Group also had futures for 5,000 tonnes of copper production, to both buy and sell copper production at El Tesoro, with the effect of swapping COMEX prices for LME prices without eliminating underlying market price exposure, covering a period up to 31 January 2010. The remaining weighted average period covered by these instruments calculated with effect from 1 April 2009 is 5.5 months.

Between 31 March 2009 and the date of this report, Michilla entered into further min/max instruments for 22,200 tonnes of copper production, covering a total period from 1 January 2010 up to 31 December 2010. The weighted average remaining period covered by these hedges calculated with effect from 1 April 2009 is 14.5 months. The instruments have a weighted average floor of 186.8 cents per pound and a weighted average cap of 237.8 cents per pound. Michilla has also entered into further futures instruments for 9,600 tonnes of copper production, covering a total period up to 31 December 2010. The weighted average remaining period covered by these hedges calculated with effect from 1 April 2009 is 14.5 months. The instruments have a weighted average price of 200.8 cents per pound.

(b) Exchange Derivatives

During the three months ended 31 March 2009 a loss of US\$2.8 million was recognised within other finance items, comprising a loss of US\$1.1 million relating to the Railway and other transport services and a loss of US\$1.7 million relating to the Water concession.

At 31 March 2009 the Group had cross currency swaps with a principal value of US\$37.2 million, to swap Chilean pesos for US dollars, at an average rate of Ch\$608.1 / US\$1, covering a total period up to 5 March 2010. The weighted average remaining period covered by these hedges calculated with effect from 1 April 2009 is 6.5 months.

6. Summary of mining companies' Chilean GAAP financial statements

(See notes following Note 6(c)).

The balance sheets, income statements and cash flow statements prepared under Chilean GAAP and to be filed with the SVS are summarised below.

(a) Balance sheets

	Los Pelambres At 31.03.09 US\$m	Los Pelambres At 31.03.08 US\$m	El Tesoro At 31.03.09 US\$m	El Tesoro At 31.03.08 US\$m	Michilla At 31.03.09 US\$m	Michilla At 31.03.08 US\$m	Esperanza At 31.03.09 US\$m	Esperanza At 31.03.08 US\$m
Cash and cash equivalents	202.1	477.0	176.9	560.4	26.6	67.6	215.5	31.2
Trade and other receivables	152.9	311.2	44.9	98.4	13.6	45.9	100.8	119.3
Inventories	100.6	101.4	39.6	49.7	22.0	23.8	12.4	-
Current and deferred tax assets	139.0	86.0	30.6	7.3	12.5	4.1	40.4	12.5
Current assets	594.6	975.6	292.0	715.8	74.7	141.4	369.1	163.0
Fixed assets	2,217.3	1,812.5	584.2	279.3	-	44.2	698.7	31.0
Other non-current assets	134.5	143.1	129.4	37.2	3.1	2.2	168.0	46.5
TOTAL ASSETS	2,946.4	2,931.2	1,005.6	1,032.3	77.8	187.8	1,235.8	240.5
Short term borrowings	(579.6)	(82.5)	(0.1)	-	-	-	-	-
Trade and other payables	(100.8)	(423.5)	(55.0)	(58.0)	(20.0)	(39.8)	(411.9)	(164.1)
Current and deferred tax liabilities	-	-	(1.2)	(1.5)	-	(8.5)	-	-
Current liabilities	(680.4)	(506.0)	(56.3)	(59.5)	(20.0)	(48.3)	(411.9)	(164.1)
Medium and long term borrowings	(76.7)	(153.3)	(0.3)	-	-	-	-	-
Trade and other payables	(17.6)	(18.7)	(18.2)	(8.9)	(8.8)	(9.9)	(100.8)	-
Deferred tax liabilities	(244.8)	(152.1)	(58.2)	(34.3)	-	-	(28.6)	-
Non-current liabilities	(339.1)	(324.1)	(76.7)	(43.2)	(8.8)	(9.9)	(129.4)	-
Total liabilities	(1,019.5)	(830.1)	(133.0)	(102.7)	(28.8)	(58.2)	(541.3)	(164.1)
Share capital	(373.8)	(373.8)	(91.0)	(91.0)	(78.4)	(78.4)	(694.5)	(76.4)
Reserves	(1,553.1)	(1,727.3)	(781.6)	(838.6)	29.4	(51.2)	-	-
Total shareholders' equity	(1,926.9)	(2,101.1)	(872.6)	(929.6)	(49.0)	(129.6)	(694.5)	(76.4)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	(2,946.4)	(2,931.2)	(1,005.6)	(1,032.3)	(77.8)	(187.8)	(1,235.8)	(240.5)

(b) Income statements

	Los Pelambres Three months ended 31 March 2009 US\$m	Los Pelambres Three months ended 31 March 2008 US\$m	El Tesoro Three months ended 31 March 2009 US\$m	El Tesoro Three months ended 31 March 2008 US\$m	Michilla Three months ended 31 March 2009 US\$m	Michilla Three months ended 31 March 2008 US\$m	Esperanza Three months ended 31 March 2009 US\$m	Esperanza Three months ended 31 March 2008 US\$m
Turnover	311.9	684.8	83.9	196.4	40.5	93.9	-	-
Operating costs	(151.9)	(133.2)	(57.8)	(67.5)	(34.5)	(47.5)	-	-
Operating margin	160.0	551.6	26.1	128.9	6.0	46.4	-	-
Administrative and distribution expenses	(26.2)	(29.3)	(8.9)	(8.8)	(3.9)	(7.3)	-	-
Operating profit	133.8	522.3	17.2	120.1	2.1	39.1	-	-
Other income	1.2	-	0.6	1.3	5.2	0.5	-	-
Financial income	0.5	2.6	2.0	5.1	0.1	0.5	-	-
Financial expenses	(6.6)	(3.3)	(0.2)	(0.5)	-	-	-	-
Other expenses	(1.8)	(0.8)	(0.9)	(0.7)	(1.9)	-	-	-
Exchange difference	1.7	5.2	9.7	(2.4)	2.1	1.5	-	-
Net non-operating income/(expenses)	(5.0)	3.7	11.2	2.8	5.5	2.5	-	-
Profit before tax	128.8	526.0	28.4	122.9	7.6	41.6	-	-
Income tax expense	(28.0)	(110.1)	(5.8)	(25.0)	(1.3)	(8.4)	-	-
Profit for the financial period	100.8	415.9	22.6	97.9	6.3	33.2	-	-

(c) Cash flow statements

	Los Pelambres Three months ended 31 March 2009 US\$m	Los Pelambres Three months ended 31 March 2008 US\$m	El Tesoro Three months ended 31 March 2009 US\$m	El Tesoro Three months ended 31 March 2008 US\$m	Michilla Three months ended 31 March 2009 US\$m	Michilla Three months ended 31 March 2008 US\$m	Esperanza Three months ended 31 March 2009 US\$m	Esperanza Three months ended 31 March 2008 US\$m
Net cash flow from operating activities	(312.9)	384.0	41.3	64.0	(8.0)	33.5	30.3	(102.9)
Investing activities								
Additions to fixed assets	(84.9)	(68.8)	(36.0)	(23.9)	(2.1)	(7.4)	(87.6)	(25.2)
Other items	-	-	-	-	-	(1.6)	-	-
Net cash used in investing activities	(84.9)	(68.8)	(36.0)	(23.9)	(2.1)	(9.0)	(87.6)	(25.2)
Financing activities								
New borrowings	274.0	-	-	-	-	-	-	159.3
Borrowings repaid	-	(2.4)	-	(14.0)	-	-	-	-
Net cash used in financing activities	274.0	(2.4)	-	(14.0)	-	-	-	159.3
Net increase in cash and cash equivalents	(123.8)	312.8	5.3	26.1	(10.1)	24.5	(57.3)	31.2
Cash and cash equivalents at the beginning of the period	325.9	164.2	171.6	534.3	36.7	43.1	272.8	-
Cash and cash equivalents at the end of the period	202.1	477.0	176.9	560.4	26.6	67.6	215.5	31.2

Notes to Chilean GAAP financial statements

- (i) The above balance sheets, income statements and cash flow statements have been derived from the quarterly financial statements of Los Pelambres, El Tesoro, Michilla and Esperanza to be filed with the SVS in Chile. Certain detailed lines in the individual statements have been combined for convenience.
- (ii) The balance sheets, income statements and cash flow statements above have been prepared under Chilean GAAP and therefore do not necessarily equate to the amounts that would be included in the Group's consolidated financial statements for a corresponding period either as to measurement or classification.
- (iii) The amounts disclosed above represent the full amount for each company and not the Group's attributable share. The Group owns 60% of Los Pelambres, 70% of both El Tesoro and Esperanza with effect from 25 August 2008, on which date the transaction with Marubeni Corporation completed (100% prior to that date) and 74.2% of Michilla.

Reconciliation of Chilean GAAP results to Turnover and EBITDA under IFRS for individual business segments

Turnover

	Los Pelambres	Los Pelambres	El Tesoro	El Tesoro	Michilla	Michilla	Esperanza	Esperanza
	Three months ended 31 March 2009	Three months ended 31 March 2008	Three months ended 31 March 2009	Three months ended 31 March 2008	Three months ended 31 March 2009	Three months ended 31 March 2008	Three months ended 31 March 2009	Three months ended 31 March 2008
Notes	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m
Chilean GAAP - Turnover	311.9	684.8	83.9	196.4	40.5	93.9	-	-
Mark-to-market of provisionally priced sales	7(i) 50.8	94.1	2.1	3.3	0.3	0.5	-	-
IFRS - Turnover	362.7	778.9	86.0	199.7	40.8	94.4	-	-

EBITDA

	Los Pelambres	Los Pelambres	El Tesoro	El Tesoro	Michilla	Michilla	Esperanza	Esperanza
	Three months ended 31 March 2009	Three months ended 31 March 2008	Three months ended 31 March 2009	Three months ended 31 March 2008	Three months ended 31 March 2009	Three months ended 31 March 2008	Three months ended 31 March 2009	Three months ended 31 March 2008
Notes	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m
Chilean GAAP - Operating profit	133.8	522.3	17.2	120.1	2.1	39.1	-	-
Depreciation & amortisation	30.2	17.9	10.5	9.4	2.2	6.3	-	-
Chilean GAAP - EBITDA	164.0	540.2	27.7	129.5	4.3	45.4	-	-
Mark-to-market of provisionally priced sales	7(i) 50.8	94.1	2.1	3.3	0.3	0.5	-	-
Other IFRS and consolidation adjustments	7(ii) (0.4)	(0.1)	0.1	(0.3)	4.0	1.5	-	-
IFRS - EBITDA	214.4	634.2	29.9	132.5	8.6	47.4	-	-

Notes to reconciliation of turnover and EBITDA

- (i) Copper and molybdenum concentrate sale agreements and copper cathode sale agreements generally provide for provisional pricing of sales at the time of shipment, with final pricing being based on the monthly average London Metal Exchange (“LME”) copper price or monthly average molybdenum price for specified future periods. This normally ranges from 30 to 180 days after delivery to the customer.

Under Chilean GAAP, the Group’s accounting treatment is to value sales, which remain open as to final pricing at the period end, in aggregate at the lower of provisional invoice prices and mark-to-market prices at the balance sheet date. The Group determines mark-to-market prices using forward prices at each period end for copper concentrate and cathode sales, and period-end month average prices for molybdenum concentrate sales due to the absence of a futures market for that commodity.

Under IFRS, both gains and losses from the marking-to-market of open sales are recognised through adjustments to turnover in the income statement and to trade debtors in the balance sheet. Under IFRS, the Group determines mark-to-market prices in the same way as under Chilean GAAP

This results in a GAAP adjustment in cases where the mark-to-market prices are higher than the provisional invoice prices. This results in a gain of US\$50.8 million in respect of copper concentrate sales at Los Pelambres, a gain of US\$2.1 million in respect of copper cathode sales at El Tesoro and a gain of US\$0.3 million in respect of copper cathode sales at Michilla.

- (ii) Other IFRS and consolidation adjustments are not material either individually or in aggregate.