

5 May, 2010

## Highlights

- Group copper production in Q1 was 117,700 tonnes, ahead of the quarterly average for 2009 of 110,600 tonnes. The increase on 2009 was mainly due to increased production at Los Pelambres, reflecting higher throughput and ore grades, and higher metallurgical recoveries at El Tesoro.
- Los Pelambres reached the expanded 175,000 tonnes per day ore throughput level by the end of the first quarter and Esperanza remains on track to commence commissioning of operations during the fourth quarter of 2010. The full year Group copper production forecast of 543,000 tonnes remains unchanged.
- Molybdenum production at Los Pelambres in Q1 was 1,800 tonnes, slightly below the quarterly average for 2009 due to lower metallurgical recoveries but in line with the year-to-date forecast.
- Group cash costs in Q1 were 94.7 cents per pound compared with 96.3 cents per pound in the 2009 full year, reflecting higher by-product credits as a result of higher molybdenum market prices.
- Costs excluding by-product credits were 128.8 cents per pound, compared with 120.3 cents per pound in the 2009 full year. The increase compared with 2009 full year costs was mainly due to expected higher maintenance costs at Los Pelambres, and a stronger Chilean peso exchange rate and higher fuel prices. Costs decreased slightly compared with Q4 2009, when pre by-product costs were 130.4 cents per pound.

Group Total	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Acc 2010	Acc 2009	Full Year 2009
Total production of payable copper ('000 tonnes)	117.7				117.7	111.9	442.5
Total production of payable moly ('000 tonnes)	1.8				1.8	1.7	7.8
Weighted average cash costs before by-product credits (cents per pound)	128.8				128.8	112.1	120.3
Weighted average cash costs (cents per pound)	94.7				94.7	97.5	96.3

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## Mining operations

### *Los Pelambres*

Los Pelambres produced 83,500 tonnes of payable copper in Q1, 7.1% above the quarterly average for 2009. This was mainly due to higher plant throughput of 137,900 tonnes per day as a result of the initial ramp-up of the plant expansion as well as higher ore grades, partly offset by slightly lower metallurgical recoveries. As explained at the time of the full year results in March, commissioning of the plant expansion was slightly delayed by the effects of the earthquake in Chile in late February, but the 175,000 tonnes per day throughput level was achieved by the end of the first quarter. Ore throughput during April 2010 averaged 173,000 tonnes per day.

Molybdenum production was 1,800 tonnes in Q1, in line with forecast, but slightly below the quarterly average for 2009. The lower production was mainly due to lower metallurgical recoveries, which were partially offset by the higher plant throughput.

Cash costs in Q1 were 74.1 cents per pound, 6.3 cents lower than the 2009 full year costs of 80.4 cents per pound. The decrease was mainly due to higher by-product credits per pound of copper produced as a result of higher molybdenum market prices. On-site and shipping costs in Q1 were 103.9 cents per pound, slightly below both the year-to-date budget and Q4 2009 costs. Costs were, though, higher than the 2009 full year costs of 95.3 cents, as a consequence of a mill re-lining and major maintenance work in February, a stronger Chilean peso and higher energy costs.

### *El Tesoro*

Copper production at El Tesoro in Q1 was 24,400 tonnes, 7.9% above the quarterly average for 2009. This reflects the impact of production from the fully operational Esperanza run-of-mine ("ROM") oxide leaching project as well as higher metallurgical recoveries at the El Tesoro plant. Production from the ROM processing of the lower-grade ores from the Esperanza oxide cap contributed 3,300 tonnes of cathode production in Q1.

Cash costs in Q1 were 134.3 cents per pound, 10.9 cents above the 2009 full year cash costs of 123.4 cents per pound, although below both the year-to-date budget and Q4 2009 cost levels. The increase compared with the 2009 full year was mainly due to a stronger Chilean peso and higher fuel prices, partly offset by lower sulphuric acid costs.

### *Michilla*

Michilla produced 9,800 tonnes of copper in Q1, ahead of forecast, and broadly in line with the quarterly average for 2009, as lower throughput was largely offset by higher ore grades.

Cash costs were 172.3 cents per pound, below the year-to-date budget and Q4 2009 costs, although 14.7 cents per pound above the 2009 full year cash cost of 157.6 cents per pound. The increase compared with the 2009 full year was mainly due to the costs of ore purchased from ENAMI (Empresa Nacional de Minería), which was related to the copper price, as well as the stronger Chilean peso and higher fuel prices, slightly offset by lower sulphuric acid prices.

As previously announced, Michilla has approved an extension of its mine plan through to 2012, which includes the remnant reserves from the final stage of the Lince pit. Michilla is currently carrying out studies to examine the potential to further extend the life of the operation through to 2018.

## Projects and exploration

Esperanza remains on track to commence commissioning of operations during the fourth quarter of 2010. By the end of March overall construction was approximately 74% complete. The earthquake which occurred in Chile in late February has caused some minor delays in the pre-commissioning of some equipment, due to delays in the supply of steel and other items, as well as temporary disruption to some of the workforce. As explained in March, while these factors may result in some minor delays compared with the original schedule, commissioning is still expected to take place during Q4 2010.

Antucoya is continuing with the feasibility study for a stand-alone project, which is expected to be completed by mid-2011.

At Reko Diq, work on the feasibility study and the related environmental and social impact assessment study is in its final stages. Discussions for agreements with the relevant authorities in Pakistan are continuing.

## Commodity prices and exchange rates

The LME copper price in 2010 Q1 averaged 328.6 cents per pound, compared with 155.8 cents per pound in 2009 Q1 and 234.2 cents per pound in the 2009 full year. The LME spot copper price at the end of 2010 Q1 was 355.2 cents per pound.

The market molybdenum price in 2010 Q1 averaged US\$15.7 per pound, compared with US\$8.9 per pound in 2009 Q1 and US\$11.1 per pound in the 2009 full year. The average market molybdenum price for March 2010 was US\$17.4 per pound.

The realised copper and molybdenum prices which the Group will recognise for its sales in the first 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 the month in which settlement takes place. The typical period for which sales remain open until settlement occurs for copper concentrate sales is approximately three months from shipment date, for copper cathode sales approximately one month from shipment, and for molybdenum sales approximately two 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 quarter when the Group reports its unaudited quarterly results on 27 May 2010.

The Chilean peso / US dollar exchange rate averaged Ch\$519.0 / US\$1 in Q1 2010, compared with Ch\$607.1 / US\$1 in Q1 2009. The average exchange rate for the 2009 full year was Ch\$559.5 / US\$1. The exchange rate at 31 March 2010 was Ch\$526.3 / US\$1.

## Transport

Both the rail and the road businesses continued to perform well in 2010 Q1. The total rail and road volumes transported were above the quarterly average for 2009. This was mainly due to the increasing volumes from the Gabriela Mistral and El Tesoro mines, as well as from other mining customers.

## Water

The water business performed well in the first quarter of the year. Volumes sold increased to 11.3 million cubic metres, 3.8% above the quarterly average for 2009. This was due to increased demand from domestic clients, partly reflecting seasonal variations.

## 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 31 March 2010.

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

Los Pelambres	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Acc 2010	Acc 2009	Full Year 2009
<b>Production statistics</b>							
Daily average ore treated ('000 tonnes)	137.9				137.9	131.5	129.2
Average ore grade (%)	0.78				0.78	0.77	0.74
Average recovery (%)	89.5				89.5	93.2	92.1
Concentrate produced ('000 tonnes)	244.6				244.6	249.1	951.1
Average concentrate grade (%)	35.3				35.3	33.9	33.9
Fine copper in concentrate ('000 tonnes)	86.4				86.4	83.0	322.6
Payable copper in concentrate ('000 tonnes)	83.5				83.5	80.2	311.6
Average moly ore grade (%)	0.019				0.019	0.019	0.020
Average moly recovery (%)	76.7				76.7	79.7	81.1
Payable moly ('000 tonnes)	1.8				1.8	1.7	7.8
<b>Cash costs statistics</b>							
On-site and shipping costs (cents per pound)	103.9				103.9	87.5	95.3
Tolling charges for concentrates (cents per pound)	18.2				18.2	17.6	19.2
By - product credits (cents per pound) <sup>(1)</sup>	(48.1)				(48.1)	(20.4)	(34.1)
Cash costs (cents per pound)	74.1				74.1	84.7	80.4

<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 2010	Q2 2010	Q3 2010	Q4 2010	Acc 2010	Acc 2009	Full Year 2009
Daily average ore treated <sup>(2)</sup> (‘000 tonnes)	24.2				24.2	28.2	26.2
Average ore grade <sup>(2)</sup> (%)	1.24				1.24	1.04	1.25
Average recovery <sup>(2)</sup> (%)	78.8				78.8	74.4	73.0
Copper cathodes from El Tesoro and Tesoro North- East open pits <sup>(2)</sup> (‘000 tonnes)	21.1				21.1	20.4	87.4
Copper cathodes from ROM (‘000 tonnes)	3.3				3.3	-	2.8
Total copper cathodes (‘000 tonnes)	24.4				24.4	20.4	90.2
Cash costs (cents per pound)	134.3				134.3	124.2	123.4

<sup>(2)</sup> 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 the ROM material.

Michilla	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Acc 2010	Acc 2009	Full Year 2009
Daily average ore treated (‘000 tonnes)	13.3				13.3	14.7	15.1
Average ore grade (%)	1.04				1.04	1.09	0.96
Average recovery (%)	77.9				77.9	78.8	77.5
Copper cathodes <sup>(3)</sup> (‘000 tonnes)	9.8				9.8	11.4	40.6
Cash costs (cents per pound)	172.3				172.3	140.3	157.6

<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 2010	Q2 2010	Q3 2010	Q4 2010	Acc 2010	Acc 2009	Full Year 2009
<b>Rail tonnage transported (‘000 tons) <sup>(4)</sup></b>	<b>1,505</b>				<b>1,505</b>	<b>1,548</b>	<b>6,335</b>
<b>Road tonnage transported (‘000 tons) <sup>(4)</sup></b>	<b>492</b>				<b>492</b>	<b>358</b>	<b>1,505</b>

<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 2010	Q2 2010	Q3 2010	Q4 2010	Acc 2010	Acc 2009	Full Year 2009
<b>Water volume sold – potable and untreated (‘000 m<sup>3</sup>) <sup>(5)</sup></b>	<b>11,349</b>				<b>11,349</b>	<b>11,187</b>	<b>43,736</b>

<sup>(5)</sup> Water volumes include water transportation of 185,000 m<sup>3</sup> in Q1 (343,000 m<sup>3</sup> in Q1 2009).