

For immediate release

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**COMMENTS MADE BY MR. JEAN-PAUL LUKSIC, CHAIRMAN,
AT THE 2010 ANNUAL GENERAL MEETING**

London, 9 June 2010

Good morning ladies and gentlemen, and welcome to you all.

When we met a year ago I said that I believed your Company was well positioned to meet the challenges we faced in difficult market conditions. We had taken clear action to address those challenges, by reducing the operating costs at our operations. We also continued to invest in our large growth projects at Los Pelambres and Esperanza, in order to deliver increased low-cost production. The outlook for the copper market is also more positive than twelve months ago, although the current crisis in Europe demonstrates that we must always be prepared for volatility and uncertainty.

However, before I talk about the Group's recent progress, I would like to say a little about the terrible earthquake which hit Chile in February of this year. As a Company we were fortunate that the direct impact on our people and our operations was limited. However, the effects on many communities in Chile were devastating. We immediately resolved to help some of the worst-hit areas, both through providing funds for the reconstruction efforts, and also by contributing our management expertise. Within days of the earthquake we had people and heavy equipment in place in one of the worst affected areas, assisting with the initial aid and reconstruction efforts. We are currently supporting the reconstruction of thirteen fishing communities in the Seventh Region of Chile, as well as helping to develop infrastructure to encourage future tourism in that area. We feel very strongly that the Group and its operations must play an active and positive role in their communities, and this is just one example of that commitment.

The strategy for our mining business is based around three pillars – firstly, the optimisation of our core assets at Los Pelambres, El Tesoro, Michilla and Esperanza. Secondly, developing major long-term growth potential in the districts surrounding those existing assets. And thirdly, looking for further growth opportunities beyond those core areas, both within Chile and internationally.

The Group's operations produced a strong performance during 2009, with copper production of over 440,000 tonnes, which was ahead of our original forecast for the year. We were also able to reduce our costs during 2009, as we put in place cost reduction measures across our mining businesses to address the difficult market conditions we faced, particularly in the first half of 2009, reducing our operating costs (excluding exceptional items) by over US\$150 million compared with 2008. Net earnings for 2009 were 67.7 cents per share, compared with 85.5 cents per share excluding exceptional items in 2008.

We hope that you will agree later in this meeting to approve the proposed final dividend of 20 cents per ordinary share, resulting in a final dividend payout by the Company of US\$197 million. Along with the interim dividend of 3.4 cents paid in October 2009, this will give total ordinary dividends for the 2009 financial year of 9.4 cents and special dividends of 14 cents. These total dividends of 23.4 cents represent a distribution of 35% of 2009's net earnings.

In terms of our growth projects, the brown-field plant expansion at Los Pelambres was recently completed and is now running at full capacity. This lifts plant throughput by approximately 25% to 175,000 tonnes per day, which is expected to increase production of payable copper by around 90,000

tonnes per year. This was despite slight delays resulting from the effects of the earthquake, which caused some damage to the dedicated electricity sub-station, as well as impacting the families of some of the workforce, many of whom consequently had to return home. To expand the capacity of Los Pelambres by such a margin, while continuing to operate the existing plant at full capacity, was a difficult and complex challenge. It is testament to the skills and focus of our workers, our management team and our engineering partners that the project has run so smoothly.

The Esperanza project is also making good progress, with construction approximately 78% complete at the end of May. We had been targeting an accelerated start-up process, but again the earthquake caused some disruption to the construction progress, impacting the families of some of the workforce and the timely availability of some of the construction supplies coming from the affected areas. Nevertheless, we are still on track with our original plans to start commissioning during the fourth quarter of this year.

Our production forecast for the Group in 2010 is 543,000 tonnes, compared with the 440,000 tonnes produced in 2009, due to the additional production from the Los Pelambres expansion. Molybdenum production at Los Pelambres is also expected to increase to 9,500 tonnes, up from 7,800 tonnes in 2009, again as a result of the plant expansion. From 2011 we expect that production from Esperanza will lift annual Group copper production to over 700,000 tonnes – approximately 60% growth compared with 2009's production. We feel that this level of growth is particularly notable as, despite the major economic downturn, we have not had to cut-back or delay our expansion plans.

This operational success depends on effective management of social and environmental issues, and during 2009 the mining division approved a social and environmental strategy which is integral to its business plan. It is founded on the principle that managing sustainability performance is key to the Group's operations and growth. The strategy sets out our objective to create economic, social and environmental value as a participant of the mining sector.

An integral part of managing our operations is a commitment to the primary importance of the health and safety of our workforce and communities. We deeply regret that our performance in 2009, as set out in our Annual Report, did not match the standards which we set for ourselves. We have taken clear measures to improve our performance in this area, to try and ensure that 2009 will be a one-off when compared with the standards we have achieved in the preceding years.

Looking further forward, we are pursuing longer-term growth opportunities in the districts surrounding our existing operations in Chile. Our primary focus is the Sierra Gorda district in northern Chile, the area surrounding El Tesoro and Esperanza. Our exploration team has been very successful in recent years in identifying a number of very promising deposits, including Telégrafo, Caracoles, Mirador and Polo Sur, which could provide potential major growth in the longer-term. The Sierra Gorda district has total mineral resources and inventory of up to 5.6 billion tonnes, which represents a more than three-fold increase over the past three years.

At Los Pelambres the resource base is 6.2 billion tonnes – which has doubled over the past two years. This is well in excess of the reserves included within the current mine plan, and should also provide longer-term opportunities.

We are also moving forward with the third part of our strategy - to develop opportunities beyond our existing core regions, both in Chile and abroad. In January we signed a binding heads of agreement with Duluth Metals to acquire an interest in the Nokomis deposit, a world-class base and precious metal deposit located in Minnesota in the United States. We are in the final stages of completing the necessary agreements, and expect to commence further exploration and feasibility work shortly. At our Reko Diq project in Pakistan the feasibility and environmental studies are in their final stages, and we remain engaged with the relevant authorities for an expeditious finalisation of a framework investment agreement. We have also further expanded our portfolio of early-stage exploration agreements during 2009, across the Americas, Europe and Africa.

As well as this strong performance from our mining business, the transport and water distribution businesses also produced solid operational performances in 2009. Our rail and road transport operations in Chile and Bolivia increased their volumes by 12%, to 7.8 million tonnes, partly due to the full-year

effect of increased volumes from the San Cristobal mine in Bolivia. The water business also saw an increase in volumes, up 2.5% to 43.7 million cubic metres.

The external market conditions in which we operate are also positive. The average copper price during the first five months of 2010 has been just under 330 cents per pound, compared with an average price of 234 cents during 2009. The recovery during 2009 was mainly driven by strong Chinese demand. A further factor in the market is the participation of financial investors. While the impact of this is difficult to quantify, it is likely that increased investment flows also helped strengthen the market particularly in the second half of 2009, although this also brings increased volatility. Consensus prices for this year are approximately 330 cents, although the price has recently fallen to below \$2.80, a decrease of over 20% over the past two months – reflecting the volatility we currently see in the commodity and wider financial markets. In the longer term, supply constraints and increased operating and capital costs should continue to provide support to long-term prices.

The London Metal Exchange began trading molybdenum futures at the end of February 2010 and this should give the molybdenum market greater depth and transparency over time. The average molybdenum price during the first five months of 2010 has been over \$16 per pound, compared with an average price during 2009 of just over \$11, reflecting improvements in the steel market – the principal end-use for molybdenum.

Successful long-term growth in the mining industry is also dependent upon governments providing stable and predictable environments in which to operate. The copper industry is a cyclical industry, requiring very sizeable capital investments which are often only recouped over the long-term. The declining grades and cost pressures which the industry faces also means that continued investment in existing operations is often required to maintain production levels and competitiveness. It would seem that several governments around the world do not recognise that such investments may simply not be feasible without a reasonable and stable fiscal environment. Thankfully, in Chile we have enjoyed political and fiscal stability over the past three decades, which has been a key contributor to the success of the mining industry in the country over that period. The primary task currently facing the Chilean government is clearly the reconstruction work following the earthquake, and the government has proposed a number of temporary tax measures to partly fund the costs of that work. We welcome the fact that the government's current proposals respect the tax stability agreements previously entered into with the Chilean state, and also reflect temporary changes to the tax system, to address the current exceptional requirements of the country. Beyond these exceptional measures, we expect Chile to continue to provide a stable and supportive environment for long-term mining investment.

Finally, I would like to give my thanks to the Board, our management team, employees, contractors and partners, whose efforts and dedication have placed us in a position to make the most of the positive conditions we now face, and who share my commitment to further profitable growth.

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