

31 July 2001

Highlights

- Group copper production from current operations in Q2 increased to 101,900 tonnes from 92,000 tonnes in Q1.
- Group average cash costs reduced to 39.0 cents per pound in Q2 from 43.2 cents per pound in Q1.
- The El Tesoro ramp-up is in progress and production of 9,000 tonnes in Q2 exceeded the plan during the commissioning period.

Group Total	Q1 2001	Q2 2001	Q3 2001	Q4 2001	Acc. 2001	Acc. 2000	Full Year 2000
Total copper production (' 000 tonnes)	92.0	101.9			193.9	167.7	351.1
Weighted average cash costs (cents per pound)	43.2	39.0			41.0	39.2	39.2

Note – El Tesoro remained under development in Q2, producing 9,000 tonnes of cathodes during this commissioning period. This production has not been included in the group figures above relating to current operations.

Los Pelambres

Ore processing levels at Los Pelambres during Q2 averaged 102,500 tonnes per day (tpd), 4.1% above the Q1 average of 98,500 tpd. Performance improved as the repairs to the lining of the SAG mills in Q1 were completed. During the first six months of 2001, Los Pelambres produced 170,000 tonnes of payable copper in concentrates, compared with 141,200 tonnes in the first six months of 2000 – an increase of 20%.

Cash costs in Q2 were 35.1 cents per pound, compared with 39.2 cents per pound in Q1 when unscheduled repair work was carried out to the conveyor belt system and grinding lines. Cash costs in the first six months of this year averaged 37.0 cents per pound, compared with 35.4 cents in the first six months of 2000. The increase reflected higher treatment and refining charges (TC/RCs) and a higher stripping ratio in accordance with the mine plan, as well as the repair work incurred in February.

Los Pelambres is currently installing a temporary pebble crusher to optimise processing levels. This will be in operation in August and should enable daily throughput of between 100,000 and 110,000tpd to be maintained. As announced in June, Los Pelambres approved a marginal expansion requiring an investment of approximately US\$24 million to install a permanent pebble crusher in the grinding lines and also to increase the cyclones capacity. The crusher is expected to be operational by August 2002 and will increase ore processing levels to an average of 114,000tpd over the mine plan.

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Michilla

Michilla produced 12,300 tonnes of cathodes in Q2 compared with 11,500 tonnes in the previous quarter. Production in Q1 was affected by a fault in one of the four transformers at the electro-winning plant.

Cash costs in Q2 were 67.4 cents per pound compared with 71.6 cents in Q1, following restoration of production to normal levels. Cash costs in the first six months of 2001 averaged 69.4 cents compared with 59.4 cents in the first six months of 2000. The increase was due to lower grades and higher stripping costs expected during this phase of the current mine plan added to the lower production levels resulting from the transformer fault in Q1.

El Tesoro

El Tesoro produced its first 1,000 tonnes of cathodes by 30 April, three weeks ahead of schedule. Commissioning continued with the ramp-up of production through the remainder of the quarter, with 9,000 tonnes of cathodes produced by the end of June compared with 6,200 tonnes under the production plan. El Tesoro also made initial shipments of 2,350 tonnes during this period. Construction is now complete and planned production levels are expected to be achieved in Q3, when El Tesoro enters its operational phase. El Tesoro will produce 41,300 tonnes of cathodes in 2001, rising to 85,000 tonnes in 2002.

Exploration

A drilling campaign was completed in May to demonstrate reserves at the Esperanza project located near the El Tesoro mine. Esperanza is estimated to have open pit reserves of 70 million tonnes of copper oxides with an average grade of 0.42% and 268 million tonnes of sulphides with an average copper grade of 0.70% and 0.33 g/t of gold. This represents a substantial increase in its reserves. Engineering studies will be carried out over the next two months to evaluate the potential for a mine at Esperanza.

In April, the Group announced that it had acquired a 51% interest, through Minprop Ltd., in a number of exploration properties located in Chile's Second Region. A drilling programme is now underway at Centinela, which is located 35 kilometres south of El Tesoro, and the results are expected in August.

The 14,000 metre drilling programme (Phase 3) at Magistral in Peru is now 80% complete and is expected to be concluded in August. Results from Magistral to date support previous estimates of an inferred resource of 190 million tonnes of 0.83% copper and 0.062% molybdenum.

Transport

Rail tonnages which include both the Chilean and Bolivian operations were higher in Q2 at 949,000 tons compared with 905,000 tons in Q1. Tonnages for the first six months of this year were 1,854,000 tons compared with 1,901,000 tons in the first six months of 2000.

Quarterly Production Report

2nd quarter 2001

Los Pelambres	Q1 2001	Q2 2001	Q3 2001	Q4 2001	Acc. 2001	Acc. 2000	Full Year 2000
Daily average ore treated (' 000 tonnes)	98.5	102.5			100.5	87.4	93.1
Average ore grade (%)	1.04	1.10			1.07	1.02	0.98
Average recovery (%)	91.6	91.3			91.5	92.2	92.4
Concentrate produced (' 000 tonnes)	194.6	209.1			403.8	330.1	714.5
Average concentrate grade (%)	42.8	44.3			43.6	44.3	43.3
Fine copper in concentrate (' 000 tonnes)	83.2	92.6			175.9	146.2	309.5
Payable copper in concentrate (' 000 tonnes)	80.5	89.6			170.0	141.2	298.9
Cash costs (cents per pound)	39.2	35.1			37.0	35.4	35.6

Michilla	Q1 2001	Q2 2001	Q3 2001	Q4 2001	Acc. 2001	Acc. 2000	Full Year 2000
Daily average ore treated (' 000 tonnes)	11.6	12.2			11.9	11.9	11.8
Average ore grade (%)	1.53	1.48			1.50	1.71	1.67
Average recovery (%)	72.4	74.4			73.4	73.1	72.6
Copper cathodes (' 000 tonnes)	11.5	12.3			23.8	25.4	51.1
Copper in concentrate (' 000 tonnes)	-	-			-	1.1	1.1
Cash costs (cents per pound)	71.6	67.4			69.4	59.4	59.8

Transport	Q1 2001	Q2 2001	Q3 2001	Q4 2001	Acc. 2001	Acc. 2000	Full Year 2000
Rail tonnage transported	905	949			1,854	1,901	3,856