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Highlights

- Group copper production in Q2 was 158,700 tonnes, a 22.3% increase compared with the previous quarter. This increase was mainly due to increased production at Esperanza as the ramp-up process continued and also from Los Pelambres as a result of higher ore grades and throughput. Copper production was 288,500 tonnes in the first half of 2011 compared with 252,900 tonnes in the first half of 2010. As previously announced, current estimates for 2011 Group copper production are for between 620,000 and 640,000 tonnes.
- Molybdenum production at Los Pelambres in Q2 was 2,600 tonnes, a 13.0% increase on the previous quarter mainly due to an increase in ore grade as well as higher throughput. Production in the first half of 2011 was 4,800 tonnes compared with 4,400 tonnes in the first half of 2010.
- Gold production in Q2 was 48,600 ounces, compared with 22,100 ounces in the previous quarter, mainly due to the ramp-up of Esperanza. The increase over H1 2010 mainly reflects the impact of the Esperanza start-up.
- Group cash costs (net of by-product credits) in Q2 were 103.8 cents per pound compared to 107.8 cents per pound in the previous quarter. This decrease was due to reduced costs at Esperanza reflecting the progress of the ramp-up, decreased unit costs at El Tesoro, and increased production at Los Pelambres where costs are below the Group's weighted average. Pre-credit costs were 159.4 cents per pound (Q1 2011 – 155.8 cents per pound).
- Group cash costs (net of by-product credits) in the first half of 2011 were 105.6 cents per pound compared with 91.5 cents per pound in the first half of 2010 mainly due to higher costs at Los Pelambres and El Tesoro as well as the impact of the start of the ramp-up at Esperanza.

Group Total	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Acc 2011	Acc 2010	Full Year 2010
Total production of payable copper ('000 tonnes)	129.8	158.7			288.5	252.9	521.1
Total production of payable moly ('000 tonnes)	2.3	2.6			4.8	4.4	8.8
Total production of payable gold ('000 ounces)	22.1	48.6			70.7	15.5	35.1
Weighted average cash costs before by-product credits (cents per pound)	155.8	159.4			157.8	126.5	137.3
Weighted average cash costs (cents per pound)	107.8	103.8			105.6	91.5	104.0

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Mining operations

Los Pelambres

Los Pelambres produced 101,200 tonnes of payable copper in Q2 and 192,500 tonnes in the first half of 2011. The 11.0% increase in production in Q2 compared to the previous quarter was mainly due to higher ore grades and a higher throughput rate. The 3.4% increase in production in the first half of 2011 compared with the first half of 2010 was mainly due to higher plant throughput as a result of the plant expansion which was completed at the end of Q1 2010, partly offset by lower ore grades.

Molybdenum production was 2,600 tonnes in Q2 and 4,800 tonnes in the first half of 2011, 9.1% above the production in the first half of 2010 mainly due to higher plant throughput as a result of the expansion, partly offset by lower grades. The 13.0% increase in production from the previous quarter is mainly due to the higher ore grade as well as the increase in ore throughput. Gold production was 10,900 ounces in Q2 and 18,100 ounces in the first half of 2011.

Cash costs were 75.2 cents per pound in Q2, in line with the previous quarter as a result of a slight increase in on site and shipping costs offset by a decrease in tolling charges. Cash costs for the first half of 2011 were 75.2 cents per pound, compared with 68.1 cents per pound in the first half of 2010. The increase in net costs was mainly due to an increase in on site costs partly offset by increased by-product credits due to higher molybdenum and silver production and the increase in silver prices. The increase in on site costs was mainly due to the stronger Chilean peso and the impact of lower grades on unit costs partly offset by decreased energy costs.

Esperanza

Esperanza produced 21,900 tonnes of payable copper in Q2, compared with 7,400 tonnes in Q1 giving cumulative production in the first half of 2011 of 29,300 tonnes. In Q2 the plant operated at a daily throughput rate of 53,300 tonnes per day compared with 27,100 tonnes per day in Q1. Gold production was 37,700 ounces in Q2 compared with the 15,000 ounces in Q1 mainly due to the increased daily throughput of the plant. Currently the focus of the ramp-up process is on maximising the efficiency of the milling process and the reliability of the sea water pumping system. The technically innovative features of the operation, including the use of untreated sea water in the process and a thickened tailings waste management process, have been working as planned. As previously announced the final production figure for 2011 will depend on the exact timing of the completion of the ramp-up process, but current estimates are for 2011 production to be in the range of 80,000 – 100,000 tonnes of copper.

Cash costs in Q2 were 114.1 cents per pound, compared with 144.9 cents per pound in the previous quarter mainly as a result of a decrease in on-site and shipping costs partly offset by a decrease in the by-product credits. The reduction in on-site and shipping costs was mainly due to the impact of increased production volumes on unit costs, partly offset by the impact of a one-off signing bonus following the conclusion of the new labour agreement in May.

El Tesoro

Copper production at El Tesoro in Q2 was 24,900 tonnes and 45,100 tonnes in the first half of 2011. The 22.7% increase in production in Q2 is mainly due to higher ore grades as a result of increased production from the higher grade Tesoro North-East pit, and higher production from the run-of-mine operation as well as a marginal increase in the plant throughput. Work is progressing well in respect of the Mirador deposit, with the first ore from the pit sent to the crusher ahead of schedule in early August 2011, and consequently first production from Mirador is expected during the second half of the year.

Cash costs in Q2 were 173.0 cents per pound, compared with 195.2 cents per pound in the previous quarter. This decrease was mainly due to the impact of higher production on unit costs as well as the higher ore grade. Cash costs in the first half of 2011 were 183.0 cents per pound compared with 146.6 cents per pound in the first half of 2010 mainly as a result of higher sulphuric acid and energy prices, and lower grades and recoveries.

Michilla

Michilla produced 10,700 tonnes of copper in Q2, marginally below the production of 11,000 tonnes in the previous quarter, and 21,700 tonnes in the first half of 2011. The decrease compared with the previous quarter was mainly due to lower throughput as a result of less ore being purchased from third parties, partially offset by higher ore grades.

Cash costs in Q2 were 192.7 cents per pound, in line with the cash costs of 192.2 cents per pound in the previous quarter. Cash costs in the first half of 2011 were 192.5 cents per pound compared with 180.4 cents per pound in the first half of 2010 mainly due to the stronger Chilean peso and higher sulphuric acid costs partially offset by the impact of increased production on unit costs and the reduction in the amount of ore purchased from ENAMI, the cost of which is linked to the copper price.

Projects and exploration

On 3 June 2011 the Group signed a memorandum of understanding with Avrupa Minerals Ltd (“Avrupa”) to undertake exploration for copper-zinc sulphide deposits in Portugal. Antofagasta has committed US\$300,000 over a six month period to complete an initial study of the property. Upon completion of the initial study Antofagasta has the right to earn a 51% interest in the property over a three year period by funding US\$4.0 million of exploration activities. Antofagasta will have a right to increase further its interest in the property to 75% by delivering a Feasibility Study within a further two years.

On 6 July 2011 the Group signed a three year strategic exploration alliance with Riverside Resources (“Riverside”) for generative exploration throughout the primary copper belts of British Columbia, Canada. Antofagasta has committed C\$1.8 million to fund exploration work over a three year period. Antofagasta has the right to earn up to a 65% interest in the property over a four year period by funding a minimum of C\$5.0 million of exploration activities. The Group can enter into a Joint Venture with Riverside by making a one-time cash payment to Riverside of C\$3.0 million.

As announced in June following completion of the scoping study at Los Pelambres looking at the opportunities for the large scale, long term expansion of the operation, the Group has approved work on a pre-feasibility study to further analyse the potential.

Commodity prices and exchange rates

The LME copper price averaged 414.5 cents per pound in Q2 2011, compared with 437.5 cents per pound in Q1 2011. The LME copper price in 2011 H1 averaged 426.3 cents per pound, compared with 323.4 cents per pound in 2010 H1 and 342.0 cents per pound in the 2010 full year. The LME spot copper price at 30 June 2011 was 421.9 cents per pound (31 March 2011 – 426.2 cents per pound; 31 December 2010 - 441.8 cents per pound).

The market molybdenum price averaged 16.7 per pound in Q2 2011, compared with US\$17.2 per pound in Q1 2011. The market molybdenum price in 2011 H1 averaged US\$17.0 per pound, compared with US\$16.1 per pound in 2010 H1 and US\$15.7 per pound in the 2010 full year. The average market molybdenum price in June 2011 was US\$16.2 per pound (March 2011 – US\$17.1 per pound; December 2010 - US\$16.1 per pound).

The market gold price averaged 1,507 per ounce in Q2 2011, compared with US\$1,387 per ounce in Q1 2011. The market gold price in 2011 H1 averaged US\$1,445 per ounce, compared with US\$1,152 per ounce in 2010 H1 and US\$1,226 per ounce in the 2010 full year. The spot gold price at the end of Q2 2011 was US\$1,507 per pound (31 March 2011 – US\$1,435 per ounce; 31 December 2010 - US\$1,410 per ounce).

The realised copper, molybdenum and gold prices which the Group will recognise for its sales in the year 2011 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 to four months from shipment date, for copper cathode sales approximately one month from shipment, for molybdenum sales approximately two months from shipment and for gold content of copper concentrate sales approximately one month 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 (including the gold content) and copper cathode, and period-end prices for molybdenum sales. In accordance with normal practice, these adjustments will be reported for the first half when the Group issues its half yearly financial report on 23 August 2011.

The Chilean peso / US dollar exchange rate averaged Ch\$469.4/ US\$1 in Q2 2011, compared with Ch\$481.6 / US\$1 in Q1 2011. The Chilean peso / US dollar exchange rate averaged Ch\$475.6 / US\$1 in H1 2011, compared with Ch\$524.5 / US\$1 in H1 2010. The average exchange rate for the 2010 full year was Ch\$510.4 / US\$1. The exchange rate at 30 June 2011 was Ch\$469.2 / US\$1 (31 March 2011 – Ch\$482.1 / US\$1; 31 December 2010 – Ch\$468.0 / US\$1).

Transport

The transport division had a solid operational performance in Q2 with total volumes transported of 2.1 million tonnes compared with 2.0 million tonnes in the previous quarter. Total volumes for the first half of 2011 were 4.1 million tonnes compared with 4.0 million tonnes in the first half of 2010.

Water

The water business continued to perform well, with Q2 volumes of 11.7 million cubic metres, 4.9% below Q1 volumes. Total volumes for the first half of 2011 were 24.0 million cubic metres, a 5.4% increase on the comparative period in 2010 as a result of increased demand from both regulated and unregulated clients.

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

Los Pelambres	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Acc 2011	Acc 2010	Full Year 2010
Production statistics							
Daily average ore treated ('000 tonnes)	171.3	175.5			173.4	156.2	159.4
Copper concentrate produced ('000 tonnes)	274.8	308.3			583.1	566.6	1,160.7
Average copper ore grade (%)	0.68	0.73			0.71	0.77	0.76
Average copper recovery (%)	89.3	89.9			89.6	89.9	90.0
Payable copper in concentrate ('000 tonnes)	91.2	101.2			192.5	186.1	384.6
Average moly ore grade (%)	0.017	0.020			0.018	0.020	0.019
Average moly recovery (%)	82.4	82.7			82.6	81.2	81.3
Payable moly ('000 tonnes)	2.3	2.6			4.8	4.4	8.8
Payable gold ('000 ounces)	7.2	10.9			18.1	15.5	35.1
Cash costs statistics							
On-site and shipping costs (cents per pound)	110.5	113.2			112.0	98.4	106.8
Tolling charges for concentrates (cents per pound)	20.3	17.5			18.8	17.4	17.6
By - product credits (cents per pound) ⁽¹⁾	(55.6)	(55.5)			(55.5)	(47.6)	(45.1)
Cash costs (cents per pound)	75.2	75.2			75.2	68.1	79.3

⁽¹⁾ 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.

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Esperanza	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Acc 2011	Acc 2010	Full Year 2010
Production statistics							
Daily average ore treated (‘000 tonnes)	27.1	53.3			40.2		
Copper concentrate produced (‘000 tonnes)	43.5	83.8			127.2		
Average copper ore grade (%)	0.54	0.54			0.54		
Average copper recovery (%)	80.9	84.7			83.4		
Payable copper in concentrate (‘000 tonnes)	7.4	21.9			29.3		
Average gold ore grade (g/t)	0.41	0.34			0.36		
Average gold recovery (%)	69.0	71.9			70.8		
Payable gold (‘000 ounces)	15.0	37.7			52.7		
Cash costs statistics							
On-site and shipping costs (cents per pound)	287.0	244.6			255.3		
Tolling charges for concentrates (cents per pound)	15.4	15.5			15.5		
By - product credits (cents per pound) ⁽²⁾	(157.4)	(146.0)			(148.9)		
Cash costs (cents per pound)	144.9	114.1			121.9		

⁽²⁾ By-products credits include 19.3 cents per pound in Q1 and 10.4 cents per pound in Q2 relating to the sale of Run-Of-Mine oxides from Esperanza to El Tesoro. 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 2011	Q2 2011	Q3 2011	Q4 2011	Acc 2011	Acc 2010	Full Year 2010
Daily average ore treated⁽³⁾ (‘000 tonnes)	25.2	26.0			25.6	25.1	26.4
Average ore grade⁽³⁾ (%)	0.97	1.10			1.04	1.20	1.10
Average recovery⁽³⁾ (%)	68.9	72.2			70.7	74.2	71.7
Copper cathodes from the heap-leach process⁽³⁾ (‘000 tonnes)	15.1	18.0			33.1	40.2	76.1
Copper cathodes from ROM (‘000 tonnes)	5.2	6.9			12.0	7.1	19.2
Total copper cathodes (‘000 tonnes)	20.3	24.9			45.1	47.3	95.3
Cash costs (cents per pound)	195.2	173.0			183.0	146.6	169.2

⁽³⁾ The average daily throughput, ore grade and recovery figures, relate to the heap leach process and do not include amounts relating to the ROM material.

Michilla	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Acc 2011	Acc 2010	Full Year 2010
Daily average ore treated (‘000 tonnes)	14.9	12.5			13.7	14.1	14.1
Average ore grade (%)	1.03	1.31			1.16	0.99	1.03
Average recovery (%)	76.2	74.8			75.5	76.8	77.6
Copper cathodes (‘000 tonnes)	11.0	10.7			21.7	19.5	41.2
Cash costs (cents per pound)	192.2	192.7			192.5	180.4	183.8

Transport	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Acc 2011	Acc 2010	Full Year 2010
Rail tonnage transported (‘000 tonnes) ⁽⁴⁾	1,524	1,651			3,174	3,042	6,184
Road tonnage transported (‘000 tonnes) ⁽⁴⁾	461	473			935	981	1,919

⁽⁴⁾ 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 2011	Q2 2011	Q3 2011	Q4 2011	Acc 2011	Acc 2010	Full Year 2010
Water volume sold – potable and untreated (‘000 m³) ⁽⁵⁾	12,296	11,689			23,985	22,746	46,302

⁽⁵⁾ Water volumes include water transportation of 15,000 m³ in Q1 and 0 m³ in Q2 (185,000 m³ in Q1 2010 and 253,000 m³ in Q2 2010).