

For immediate release

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**COMMENTS MADE BY MR. MARCELO AWAD
AT THE 2011 ANNUAL GENERAL MEETING**

London, 8 June 2011

Before I talk in detail about the continuing growth and development of the Company, I wanted to talk a little more generally about our aims and vision for the business. We are focused on the long-term, sustainable growth of the Company, but only in a way which delivers real value for our shareholders. This is illustrated by two points I will talk about this morning. Firstly, the commissioning of the Esperanza mine and last year's Los Pelambres expansion, which significantly change the scale of the Group. Secondly, our focus on delivering value to our shareholders has been reflected in the Group's very strong cash generation, and in our desire to see a healthy level of return of the cash generated by the business back to our shareholders.

The Group achieved a record year of copper production in 2010, producing more than 520,000 tonnes, which was 17% above 2009 levels. This reflected the successful completion of the plant expansion at Los Pelambres in the first quarter of 2010. Net earnings for 2010 were 107 cents per share, a 57% increase compared with 2009. The Group generated US\$2.4 billion of cash flow from operations during 2010. As a result, the Group had a cash balance of US\$3.5 billion at 31 December 2010. After netting off our long-term borrowings, we had a net cash position of US\$1.3 billion at that date.

This has enabled us to propose a significant return of capital to shareholders, while still leaving the Group well placed to progress with its growth plans. We hope that you will agree later in this meeting to approve the proposed final dividend of 112 cents per ordinary share, resulting in a final dividend payout by the Company of over US\$1.1 billion. Along with the interim dividend of 4 cents paid in October 2010, this will give total ordinary dividends for the 2010 financial year of 16 cents and a special dividend of 100 cents.

As I have said, the commissioning of the Esperanza mine has been a major milestone in the growth of the Company. A long term perspective is often required in the mining industry. We have had great faith in the potential of the Sierra Gorda district in northern Chile over many years. Our discoveries of the Esperanza deposit, along with the neighbouring Telégrafo and Caracoles deposits, justified that faith. Our exploration team discovered the Esperanza deposit in the 1990s, and we have spent the past decade proving up the resource base, conducting the detailed engineering studies, and then constructing the mine and plant. The completion of the construction of Esperanza is a major achievement for our Company, but was also a significant event for the wider industry. It is the first large-scale green-field copper project to come on-stream since 2008, which reflects the increasing challenge of identifying and developing major, good quality copper assets.

Commissioning of the Esperanza plant commenced in November 2010, and the first shipment of copper concentrate took place in January of this year. The ramp-up of the operation to full capacity is continuing. The plant has a design capacity of 97,000 tonnes per day, and this will result in average annual production of approximately 190,000 tonnes of copper on a full year basis. Currently the focus of the ramp-up process is on maximising the efficiency of the milling process, as well as ensuring the water pumping system is operating to maximum capacity. We are pleased that the technically innovative features of the operation, including the use of untreated sea water in the process, have been working as planned. The plant has operated at nearly 60% of capacity during April and May, reaching peaks of above 90% in May,

and we have produced 21,000 tonnes of copper in the first five months of the year. Nevertheless, the ramp-up is taking longer than initially expected, and current expectations are that the remainder of the process will be completed during the course of the second half of this year. The final production figure for 2011 will depend on the exact timing of the completion of the ramp-up process, but current estimates are that 2011 production could be in the range of 80,000 – 100,000 tonnes of copper. This would give total Group copper production for 2011 of between 620,000 – 640,000 tonnes. Esperanza has also recently concluded an agreement with its labour union for a new 42 month labour agreement, providing long-term labour stability during its first years of operation.

In April Michilla's board approved an extension to its mine plan from 2012 to 2015, and is continuing to examine opportunities to further extend the mine life to 2018 or beyond.

From 2012, when we will see a full year of production from Esperanza, the Group's total annual production is expected to be approximately 730,000 tonnes per year. This represents production growth of 65% compared with the 2009 level, prior to the completion of the Los Pelambres plant expansion and the commissioning of Esperanza. The Group will also become a more significant gold producer thanks to Esperanza, and we expect to produce more than 250,000 ounces a year.

A key element in the management of our operations is the central importance of the health and safety of our workforce and communities. We deeply regret the death of two contractors at Los Pelambres during 2010. The Company has a clear target of zero fatalities and considers any fatality to be completely unacceptable. Following these incidents, further safety training and awareness raising has been provided for workers, and Los Pelambres has also introduced changes to increase the linkage between safety performance and remuneration.

Looking beyond our existing operations, we are focused on our organic growth opportunities, particularly in the districts surrounding our existing operations in Chile. At Los Pelambres we have recently completed the scoping study looking at the opportunities for long-term development of the operation. We have just approved work on a detailed pre-feasibility study to analyse the potential for an expansion of the operation. While any such expansion would be a complex and long-term undertaking, we could have the potential to significantly expand this already world-class asset. And as I mentioned, our discoveries in the Sierra Gorda district – firstly of the Esperanza deposit, and more recently of Telégrafo and Caracoles – demonstrate that this is a major, world-class copper mining district. Our pre-feasibility study in respect of the Sierra Gorda district is still on-going, but it is possible that the area could support both a plant expansion at Esperanza, along with a stand-alone operation at Caracoles. Each of these options could result in a significant increase in our production from the district. In terms of more immediate growth potential, the feasibility study at Antucoya is nearing completion, and depending on a satisfactory outcome of the study, project approval and necessary environmental permitting, initial works could commence by the end of this year, followed by a construction period of approximately two years.

Outside of Chile we are also developing our longer-term growth opportunities. At the Reko Diq project, the Pakistan Supreme Court commented at the end of May that the Balochistan provincial government should decide on our application for the grant of the necessary mining licence on its merits, in accordance with the Balochistan Mineral Rules, and without being influenced by the pending Supreme Court litigation. Whilst this decision has not concluded the various petitions being heard by the Court, we believe it represents an important step in progressing the project. The opportunities with this project are significant, but so are the challenges we face, and we will only proceed in a prudent manner. At our Twin Metals project in Minnesota we are continuing with our exploration and evaluation activities. The recent acquisition by Duluth and ourselves of Franconia Minerals Corporation further expands the mining properties we hold in that region, again developing the potential for a substantial mining district. We are continuing to expand our wider geographical reach, with other early-stage exploration projects in locations ranging from the United States, Sweden, Spain, Portugal, Turkey and Australia.

The long term growth of the Company, as well as the wider industry, is also dependent upon a continued supply of skilled mining engineers and other key workers. We are playing a direct role in Chile in developing the next generation of skilled workers with a scholarship programme for promising mining students, as well as working with a number of the leading universities in Chile to strengthen their links to the mining industry.

In terms of the copper market, the fundamental market conditions remain positive. The copper price has averaged around 430 cents per pound over the first five months of 2011, compared with around 340 cents during 2010. Copper, along with many other commodities, has experienced some relative price weakness in recent weeks when compared with the first months of the year. With copper this has partly been driven by destocking within China, which temporarily reduced demand for imports. However, we believe that this period of destocking is likely to be coming to an end, which could have a positive impact on the market. On a short term basis, though, the price remains susceptible to volatility - from the impact of financial investment in commodities, the effect of exchange rate fluctuations on this dollar denominated commodity, and also the risk of more general macro-economic shocks. In the medium term, we believe that copper's fundamentals remain strong, which is reflected in current consensus estimates for the price to average above \$4 per pound both this year and next. There is limited supply side growth, reflecting limited major new projects coming on-stream in the forthcoming years, along with declining grades from many existing mature mines. This is combined with anticipated continued strong demand from developing economies, particularly China. Copper, with its range of applications in infrastructure, industrial and consumer products is well placed to benefit as these economies continue to grow and develop.

Finally, I would like to give thanks to those people who have been key to both the growth we have achieved in recent years, and to the potential opportunities we have in front of us – in particular our workers, management team and partners, who all continue to make an essential contribution to this Company.

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