

For immediate release

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## Unaudited Results for the Three Months ended 31 March 2011

London, 26 May 2011

### Highlights

	Three months ended 31 March 2011 US\$m	Three months ended 31 March 2010 US\$m	Change %	Full year 2010 US\$m
<b>Group Revenue</b>	<u>1,269.0</u>	981.9	29.2	<u>4,577.1</u>
<b>Group EBITDA</b>	<u>811.9</u>	623.4	30.2	<u>2,771.9</u>

### Revenue

Group revenue in the three months ended 31 March 2011 was US\$1,269.0 million compared with US\$981.9 million in the same period of 2010. This increase mainly reflected the impact of higher realised copper prices during the period, as well as marginally higher copper and molybdenum volumes partly offset by a marginal decrease in the realised molybdenum price.

London Metal Exchange (“LME”) copper prices averaged 437.5 cents per pound during the period compared with 328.6 cents per pound in the three months ended 31 March 2010. At 31 March 2011 the weighted average forward copper price for unsettled sales was 427.7 cents per pound, resulting in negative mark-to-market adjustments of open provisional sales as the period end price was lower than the average price over the quarter. This resulted in a lower realised copper price than the LME average for the three month period, at 427.7 cents per pound, compared with 338.1 cents per pound in the comparative quarter in 2010, when the copper price increased. The net impact of provisional pricing adjustments to copper sales for the three months ended 31 March 2011 was a negative adjustment of US\$17.9 million.

Market molybdenum prices averaged US\$17.2 per pound in the three month period, an increase from the average price of US\$15.7 per pound in the three months ended 31 March 2010. The realised molybdenum price for the quarter was slightly higher than the average market price at US\$17.8 per pound, although this was lower than the realised price achieved in the first quarter of 2010 of US\$19.9 per pound, when the rising market price resulted in significant positive provisional pricing adjustments.

Market gold prices averaged US\$1,386.5 per ounce in the three month period, an increase from the average price of US\$1,110.1 per ounce in the three months ended 31 March 2010. The difference between the realised and market gold price for the quarter was immaterial.

The volume of copper sold in the three months ended 31 March 2011 was 120,800 tonnes, a 3.2% increase compared with the same period in 2010. This increase was due to increased production at Los Pelambres reflecting higher throughput as a result of the plant expansion which was completed during the first quarter of 2010, partially offset by lower production at El Tesoro as a result of a major planned maintenance at the plant in the three months ended 31 March 2011. The sales volume for the period included 1,400 tonnes from Esperanza. The sales volumes of 120,800 tonnes were below the production volumes of 129,800 tonnes for the quarter mainly due to the majority of the production at Esperanza being held in inventory at the end of the quarter as a result of a shipment which was scheduled for late March being delayed to April due to bad weather.

Molybdenum sales volumes were 1,800 tonnes and production volumes were 2,300 tonnes (three months ended 31 March 2010 – sales volumes were 1,600 tonnes and production volumes were 1,800 tonnes), reflecting the higher plant throughput at Los Pelambres.

Gold sales volumes were 9,800 ounces and production volumes were 22,100 ounces (three months ended 31 March 2010 – sales volumes were 8,800 ounces and production volumes were 8,800 ounces).

The transport division's sales were US\$41.3 million in the period, a 20.4% increase compared with the same period in 2010 as a result of tariff adjustments in line with contractual terms. The water division's sales were US\$28.2 million, a 27.0% increase compared with the same period in 2010 as a result of increased demand from domestic and industrial customers as well as increased tariffs and the stronger Chilean peso, being the currency in which revenues are invoiced.

Further details of production and sales volumes and realised prices by mining operation are given in Note 2, and an analysis of revenue by business segment is given in Note 3. Further details of the operating performance of each mine and the rail and water division are also given in the Group's first quarter production report released on 4 May 2011.

## **EBITDA**

Group EBITDA in the three months ended 31 March 2011 was US\$811.9 million, compared with US\$623.4 million in the first three months of 2010. The increased revenues discussed above were partly offset by increased operating costs. Excluding by-product credits (which are reported as part of revenue) and tolling charges for concentrates (which are deducted from revenue), weighted average cash costs for the Group (comprising on-site and shipping costs in the case of Los Pelambres and Esperanza, and cash costs in the case of the other two operations) increased from 115.9 cents per pound in the three months ended 31 March 2010 to 140.8 cents per pound in the first three months of 2011. This increase was mainly a result of higher input costs at El Tesoro and Michilla, and the impact of high unit costs at Esperanza as a result of the lower volumes during ramp-up of operations partially offset by lower costs at Los Pelambres mainly due to lower energy, labour and maintenance costs. Further details of the cash costs of each mine are given in the Group's first quarter production report.

The amount recognised within revenue and EBITDA during the current period in respect of the Group's commodity hedging programme was a loss of US\$8.4 million in respect of derivative instruments which matured during the period. In addition to this amount recognised within EBITDA, a net loss of US\$4.6 million was recognised within other finance items, in respect of other amounts which do not form part of designated hedging relationships as well as realised gains and losses on exchange and interest derivatives. A net gain of US\$23.0 million (on a pre-tax basis) was recognised directly within reserves and minority interests in respect of mark-to-market adjustments for commodity, exchange and interest rate derivatives, which form part of designated effective hedging relationships.

Further details of cash costs by mining operation are given in Note 2, and an analysis of EBITDA by business segment is given in Note 3. Details of commodity derivative instruments are given in Note 5.

## **Cash and Borrowings**

At 31 March 2011 the Group had cash, cash equivalents and liquid investments of US\$4,156.9 million (31 December 2010 – US\$3,541.6 million). Excluding the minority share in each partly-owned operation, the Group's attributable share of total cash and cash equivalents was US\$3,751.1 million (31 December 2010 – US\$3,393.8 million). Total Group borrowings at 31 March 2011 were US\$2,378.9 million (31 December 2010 – US\$2,196.5 million). Of this, US\$1,615.6 million (31 December 2010 – US\$1,486.8 million) is proportionally attributable to the Group after excluding the minority shareholdings in partly-owned operations. The increase in borrowings is mainly due to US\$200.0 million of new short-term borrowings at Esperanza partly offset by regular repayments on existing borrowings.

## **Other information**

Labour negotiations were satisfactorily concluded at Los Pelambres in May 2011 with the plant union, which covers approximately 20% of employees, for a new 44 month labour agreement. This was concluded in advance of the expiry of the existing agreement, which ran until November 2011. As previously announced, in November 2010 Los Pelambres concluded negotiations with the main union which covers more than 70% of employees, mainly at the mine and port, for a new 46 month labour agreement.

In May 2011 the Group entered into an agreement with Stratex International Plc ("Stratex") to undertake exploration for copper and copper-gold deposits in Turkey. Antofagasta will fund an initial target generation and exploration programme over a 16 month period with a committed expenditure of US\$1 million. During this period it is anticipated that a number of priority areas will be identified for detailed follow-up exploration and possibly drilling. Any such areas will be vested 51% Antofagasta and 49% Stratex. Thereafter Antofagasta has the option to earn a further 19% interest in any of these priority areas by funding an additional US\$3 million of expenditure in respect of that area, to increase its aggregate interest over that area to 70%. Antofagasta also has the option to continue the target-generation programme after completion of the initial 16 month period by funding further expenditure of at least US\$250,000 per annum.

After evaluation of the results of the exploration activities to date, the Group decided in May 2011 not to proceed further with its agreement with Sunridge Gold Corp in respect of its Asmara project in Eritrea.

## Basis of Information

The Group revenue and EBITDA figures included in this release for the three-month period ended 31 March 2011 are presented on a basis consistent with the accounting policies used in the Group's 2010 Annual Report and Financial Statements under International Financial Reporting Standards and Interpretations ("IFRS").

The Group's four mining companies, Los Pelambres, El Tesoro, Michilla and Esperanza will today also file quarterly financial statements under a consistent IFRS basis for the three-month period ended 31 March 2011 with the Chilean securities regulator, the Superintendencia de Valores y Seguros de Chile ("SVS"). The quarterly financial statements for the mining companies were previously prepared under Chilean GAAP and prior period releases included a reconciliation of the Chilean GAAP income statement, balance sheet and cash flow statement for each of the four mining companies. As these financial statements are now prepared under a consistent IFRS basis a GAAP reconciliation is no longer applicable and hence is no longer included within this release.

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## Notes

### 1. General information and accounting policies

These unaudited first quarter results are for the three-month period ending 31 March 2011. The Group revenue and EBITDA information, including all comparatives, have been prepared on the basis of the accounting policies set out in the Group's statutory accounts for the year to 31 December 2010 and in accordance with applicable International Financial Reporting Standards and Interpretations (IFRS) which have been endorsed by the European Union.

While the revenue and EBITDA information contained in this three month results announcement has been computed in accordance with IFRS, this announcement does not itself contain sufficient information to comply with IFRS. The information included in this announcement for the three month periods ending 31 March 2010 and 31 March 2011 is unaudited.

The information contained in this announcement for the year ended 31 December 2010 does not constitute statutory accounts. The statutory accounts for that year have been approved by the Board and will be delivered to the Registrar of Companies following the Company's Annual General Meeting which will be held on 8 June 2011. The auditors' report on these accounts was unqualified and did not contain statements under section 498(2) (regarding adequacy of accounting records and returns) or section 498(3) (regarding provision of necessary information and explanations) of the Companies Act 2006. The comparative information contained in Note 2 of this announcement is not derived from the statutory accounts for the year ended 31 December 2010 and is accordingly not covered by the auditors' report.

### 2. Production and Sales Statistics

(See notes following Note 2(b).)

#### (a) Production and sales volumes for copper, molybdenum and gold

	<u>Production</u>			<u>Sales</u>		
	Three months ended 31 March 2011 000 tonnes	Three months ended 31 March 2010 000 tonnes	Full year 2010 000 tonnes	Three months ended 31 March 2011 000 tonnes	Three months ended 31 March 2010 000 tonnes	Full year 2010 000 tonnes
<b>Copper</b>						
Los Pelambres	91.2	83.5	384.6	88.0	83.9	379.1
Esperanza	7.4	-	-	1.4	-	-
El Tesoro	20.3	24.4	95.3	20.8	22.5	95.3
Michilla	11.0	9.8	41.2	10.6	10.6	41.6
<b>Group total</b>	<b>129.8</b>	117.7	521.1	<b>120.8</b>	117.0	516.0
<b>Molybdenum</b>						
Los Pelambres	2.3	1.8	8.8	1.8	1.6	8.9
<b>Gold</b>						
	000 ounces	000 ounces	000 ounces	000 ounces	000 ounces	000 ounces
Los Pelambres	7.2	8.8	35.1	7.2	8.8	35.1
Esperanza	15.0	-	-	2.6	-	-
<b>Group total</b>	<b>22.1</b>	8.8	35.1	<b>9.8</b>	8.8	35.1

## (b) Cash costs per pound of copper produced and realised prices per pound of copper and molybdenum sold

	<u>Cash cost</u>			<u>Realised prices</u>		
	Three months ended 31 March 2011 US cents	Three months ended 31 March 2010 US cents	Full year 2010 US cents	Three months ended 31 March 2011 US cents	Three months ended 31 March 2010 US cents	Full year 2010 US cents
<b>Copper</b>						
Los Pelambres	75.2	74.1	79.3	428.4	348.6	371.7
Esperanza	144.9	-	-	424.4	-	-
El Tesoro	195.2	134.3	169.2	437.0	336.5	351.9
Michilla	192.2	172.3	183.8	404.1	258.5	263.8
<b>Group weighted average (net of by-products)</b>	<b>107.8</b>	94.7	104.0	<b>427.7</b>	338.1	359.3
<b>Group weighted average (before deducting by-products)</b>	<b>155.8</b>	128.8	137.3			
<b>Group weighted average (before deducting by-products and excluding tolling charges from concentrate)</b>	<b>140.8</b>	115.9	124.3			
<b>Cash costs at Los Pelambres comprise:</b>						
On-site and shipping cost	110.5	103.9	106.8			
Tolling charges for concentrates	20.3	18.2	17.6			
<b>Cash costs before deducting by-product credits</b>	<b>130.8</b>	122.1	124.4			
By-product credits (principally molybdenum)	(55.6)	(48.1)	(45.1)			
<b>Cash costs (net of by-product credits)</b>	<b>75.2</b>	74.1	79.3			
<b>Cash costs at Esperanza comprise:</b>						
On-site and shipping cost	287.0	-	-			
Tolling charges for concentrates	15.4	-	-			
<b>Cash costs before deducting by-product credits</b>	<b>302.4</b>	-	-			
By-product credits (principally gold)	(157.5)	-	-			
<b>Cash costs (net of by-product credits)</b>	<b>144.9</b>	-	-			
<b>LME average</b>				<b>437.5</b>	328.6	342.0
				US\$	US\$	US\$
<b>Molybdenum</b>						
Los Pelambres				<b>17.8</b>	19.9	16.2
<b>Market average price</b>				<b>17.2</b>	15.7	15.7

**Notes to the production and sales statistics**

- (i) The production and sales figures represent the actual amounts produced and sold, not the Group's share of each mine. The Group owns 60% of Los Pelambres, 70% of Esperanza, 70% of El Tesoro and 74.2% of Michilla.
- (ii) Los Pelambres produces copper and molybdenum concentrates and Esperanza produces copper concentrate. The figures for Los Pelambres and Esperanza are expressed in terms of payable metal contained in concentrate. Los Pelambres and Esperanza are also credited for the gold and silver contained in the copper concentrate sold. El Tesoro and Michilla produce cathodes with no by-products.

- (iii) Cash costs are a measure of the cost of operational production expressed in terms of cents per pound of payable copper produced. Cash costs are stated net of by-product credits and include tolling charges for concentrates at Los Pelambres and Esperanza. Cash costs exclude depreciation, financial income and expenses, hedging gains and losses, exchange gains and losses and corporation tax for all four operations. By-product calculations do not take into account mark-to-market gains for molybdenum at the beginning or end of each year.
- (iv) Realised copper prices are determined by comparing revenue from copper sales (grossing up for tolling charges for concentrates) with sales volumes for each mine in the period. Realised molybdenum prices at Los Pelambres are calculated on a similar basis. Realised prices reflect gains and losses on commodity derivatives, which are included within revenue.
- (v) The totals in the tables above may include some small apparent differences as the specific individual figures have not been rounded.
- (vi) The production information in Note 2(a) and the cash cost information in Note 2(b) is derived from the Group's production report for the first quarter of 2011, published on 4 May 2011.

### 3. Revenue and EBITDA analysed by business segment

	<u>Revenue</u>			<u>EBITDA</u>		
	Three months ended 31 March 2011 US\$'m	Three months ended 31 March 2010 US\$'m	Full year 2010 US\$'m	Three months ended 31 March 2011 US\$'m	Three months ended 31 March 2010 US\$'m	Full year 2010 US\$'m
Los Pelambres	888.1	698.1	3,348.3	662.3	503.4	2,375.0
Esperanza	16.6	-	-	4.2	-	-
El Tesoro	200.4	166.9	739.7	107.0	96.2	354.9
Michilla	94.4	60.4	242.0	47.0	20.5	60.6
Exploration	-	-	-	(35.0)	(15.7)	(99.0)
Corporate and other items	-	-	-	(12.0)	(11.5)	(46.4)
<b>Mining</b>	<b>1,199.5</b>	<b>925.4</b>	<b>4,330.0</b>	<b>773.5</b>	<b>592.9</b>	<b>2,645.1</b>
<b>Railway and other transport services</b>	<b>41.3</b>	<b>34.3</b>	<b>154.7</b>	<b>20.0</b>	<b>14.3</b>	<b>59.8</b>
<b>Water concession</b>	<b>28.2</b>	<b>22.2</b>	<b>92.4</b>	<b>18.4</b>	<b>16.2</b>	<b>67.0</b>
<b>Group revenue and EBITDA</b>	<b>1,269.0</b>	<b>981.9</b>	<b>4,577.1</b>	<b>811.9</b>	<b>623.4</b>	<b>2,771.9</b>

#### Revenue by product:

	<u>Revenue by product</u>		
	Three months ended 31 March 2011 US\$'m	Three months ended 31 March 2010 US\$'m	Full year 2010 US\$'m
<b>Copper</b>			
- Los Pelambres	796.2	614.6	2,972.1
- Esperanza	12.7	-	-
- El Tesoro	200.4	166.9	739.7
- Michilla	94.4	60.4	242.0
<b>Molybdenum</b>			
- Los Pelambres	70.0	67.5	303.5
<b>Gold</b>			
- Los Pelambres	10.1	9.9	43.4
- Esperanza	3.5	-	-
<b>Silver</b>			
- Los Pelambres	11.8	6.1	29.3
- Esperanza	0.4	-	-
<b>Total Mining</b>	<b>1,199.5</b>	<b>925.4</b>	<b>4,330.0</b>
<b>Railway and transport services</b>	<b>41.3</b>	<b>34.3</b>	<b>154.7</b>
<b>Water concession</b>	<b>28.2</b>	<b>22.2</b>	<b>92.4</b>
	<b>1,269.0</b>	<b>981.9</b>	<b>4,577.1</b>

**Notes to revenue and EBITDA by business segment**

- (i) Revenue from Esperanza is stated after eliminating inter-segmental sales to El Tesoro of US\$3.1 million. Revenue from the Railway and other transport services is stated after eliminating inter-segmental sales to the mining division of US\$3.7 million (three months ended 31 March 2010 - US\$2.2 million). Revenue from the Water concession is stated after eliminating inter-segmental sales to the mining division of US\$1.7 million (three months ended 31 March 2010 - US\$2.4 million) and after eliminating sales to the Railway and other transport services division of US\$0.1 million (three months ended 31 March 2010 - US\$0.1 million).
- (ii) Revenue includes the effect of both final pricing and mark-to-market adjustments to provisionally priced sales of copper and molybdenum concentrates and copper cathodes. Further details of such adjustments are given in Note 4.
- (iii) Revenue includes a realised loss on commodity derivatives at Michilla of US\$8.4 million (three months ended 31 March 2010 – loss of US\$18.6 million). At El Tesoro for the three months ended 31 March 2010 there was a realised gain of US\$0.3 million. Further details are given in Note 5.
- (iv) EBITDA is calculated by adding back depreciation, amortisation and disposals of plant, property and equipment and any impairment charges to operating profit from subsidiaries.

**4. Embedded derivatives – provisionally priced sales**

Copper and molybdenum concentrate sale agreements and copper cathode sale agreements generally provide for provisional pricing of sales at the time of shipment, with final pricing being based on the monthly average London Metal Exchange copper price or monthly average molybdenum price for specified future periods. The typical period for which sales remain open until settlement occurs is a range of approximately three to five months after the shipment date in the case of copper concentrates, approximately one month after the shipment date in the case of copper cathodes, a range of approximately one to three months after the shipment date in the case of molybdenum and a range of approximately one to four months after the shipment date in the case of gold contained in copper concentrates.

Under IFRS, both gains and losses from the marking-to-market of open sales are recognised through adjustments to revenue in the income statement and to trade debtors in the balance sheet. The Group determines mark-to-market prices using forward prices at each period end for copper concentrate (including gold content) and cathode sales, and period-end month average prices for molybdenum concentrate sales due to the absence of a futures market for that commodity.

The mark-to-market adjustments at the end of each period and the effect on revenue in the income statement for each period are as follows:

	<b>Balance sheet - net mark to market effect on debtors</b>		
	At 31.03.11	At 31.03.10	At 31.12.10
	US\$m	US\$m	US\$m
Los Pelambres - copper concentrate	<b>(9.9)</b>	49.3	124.3
Los Pelambres - tolling charges for copper concentrate	<b>0.1</b>	(0.2)	(0.6)
Los Pelambres - molybdenum concentrate	<b>(1.2)</b>	3.4	0.3
Eperanza - copper concentrate	<b>(0.2)</b>	-	-
El Tesoro - copper cathodes	<b>(1.0)</b>	2.3	4.1
Michilla - copper cathodes	<b>(0.1)</b>	1.0	1.4
	<b>(12.3)</b>	55.8	129.5

## (a) Copper sales

## For the period ended 31 March 2011

	Three months ended 31 March 2011			
	US\$m	US\$m	US\$m	US\$m
	Los Pelambres	Esperanza	El Tesoro	Michilla
	Copper concentrate	Copper concentrate	Copper cathodes	Copper cathodes
Provisionally invoiced gross sales	844.9	13.3	201.9	105.2
<b>Effects of pricing adjustments to previous period invoices</b>				
Reversal of mark-to-market adjustments at the end of the previous period	(124.3)	-	(4.1)	(1.4)
Settlement of copper sales invoiced in the previous period	121.4	-	3.5	1.0
<b>Total effect of adjustments to previous period invoices in the current period</b>	<b>(2.9)</b>	<b>-</b>	<b>(0.6)</b>	<b>(0.4)</b>
<b>Effects of pricing adjustments to current period invoices</b>				
Settlement of copper sales invoiced in the current period	(1.0)	-	0.1	(1.9)
Mark-to-market adjustments at the end of the current period	(9.9)	(0.2)	(1.0)	(0.1)
<b>Total effect of adjustments to current period invoices</b>	<b>(10.9)</b>	<b>(0.2)</b>	<b>(0.9)</b>	<b>(2.0)</b>
<b>Total pricing adjustments</b>	<b>(13.8)</b>	<b>(0.2)</b>	<b>(1.5)</b>	<b>(2.4)</b>
<b>Realised losses on commodity derivatives</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(8.4)</b>
<b>Revenue before deducting tolling charges</b>	<b>831.1</b>	<b>13.1</b>	<b>200.4</b>	<b>94.4</b>
<b>Tolling charges</b>	<b>(34.9)</b>	<b>(0.4)</b>	<b>-</b>	<b>-</b>
<b>Revenue net of tolling charges</b>	<b>796.2</b>	<b>12.7</b>	<b>200.4</b>	<b>94.4</b>

## For the period ended 31 March 2010

	Three months ended 31 March 2010			
	US\$m	US\$m	US\$m	US\$m
	Los Pelambres	Esperanza	El Tesoro	Michilla
	Copper concentrate	Copper concentrate	Copper cathodes	Copper cathodes
Provisionally invoiced gross sales	602.0	-	162.3	77.6
<b>Effects of pricing adjustments to previous period invoices</b>				
Reversal of mark-to-market adjustments at the end of the previous period	(62.1)	-	(2.0)	(0.4)
Settlement of copper sales invoiced in the previous period	55.1	-	2.6	(0.4)
<b>Total effect of adjustments to previous period invoices in the current period</b>	<b>(7.0)</b>	<b>-</b>	<b>0.6</b>	<b>(0.8)</b>
<b>Effects of pricing adjustments to current period invoices</b>				
Settlement of copper sales invoiced in the current period	0.5	-	1.4	1.2
Mark-to-market adjustments at the end of the current period	49.3	-	2.3	1.0
<b>Total effect of adjustments to current period invoices</b>	<b>49.8</b>	<b>-</b>	<b>3.7</b>	<b>2.2</b>
<b>Total pricing adjustments</b>	<b>42.8</b>	<b>-</b>	<b>4.3</b>	<b>1.4</b>
<b>Realised gains/(losses) on commodity derivatives</b>	<b>-</b>	<b>-</b>	<b>0.3</b>	<b>(18.6)</b>
<b>Revenue before deducting tolling charges</b>	<b>644.8</b>	<b>-</b>	<b>166.9</b>	<b>60.4</b>
<b>Tolling charges</b>	<b>(30.2)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Revenue net of tolling charges</b>	<b>614.6</b>	<b>-</b>	<b>166.9</b>	<b>60.4</b>



## For the period ended 31 December 2010

	Full year 2010			
	US\$m	US\$m	US\$m	US\$m
	Los Pelambres Copper concentrate	Esperanza Copper concentrate	El Tesoro Copper cathodes	Michilla Copper cathodes
<b>Provisionally invoiced gross sales</b>	2,826.0	-	722.2	317.5
<b>Effects of pricing adjustments to previous period invoices</b>				
Reversal of mark-to-market adjustments at the end of the previous period	(62.1)	-	(2.0)	(0.4)
Settlement of copper sales invoiced in the previous period	55.7	-	2.6	0.4
<b>Total effect of adjustments to previous period invoices in the current period</b>	<b>(6.4)</b>	<b>-</b>	<b>0.6</b>	<b>-</b>
<b>Effects of pricing adjustments to current period invoices</b>				
Settlement of copper sales invoiced in the current period	162.2	-	12.7	4.6
Mark-to-market adjustments at the end of the current period	124.3	-	4.1	1.4
<b>Total effect of adjustments to current period invoices</b>	<b>286.5</b>	<b>-</b>	<b>16.8</b>	<b>6.0</b>
<b>Total pricing adjustments</b>	<b>280.1</b>	<b>-</b>	<b>17.4</b>	<b>6.0</b>
<b>Realised gains/(losses) on commodity derivatives</b>	<b>-</b>	<b>-</b>	<b>0.1</b>	<b>(81.5)</b>
<b>Revenue before deducting tolling charges</b>	<b>3,106.1</b>	<b>-</b>	<b>739.7</b>	<b>242.0</b>
<b>Tolling charges</b>	<b>(134.0)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Revenue net of tolling charges</b>	<b>2,972.1</b>	<b>-</b>	<b>739.7</b>	<b>242.0</b>

**Copper concentrate**

The typical period for which sales of copper concentrate remain open until settlement occurs is a range of approximately three to five months from shipment date.

At 31 March 2011 sales totalling 91,400 tonnes remained open as to price, with an average mark-to-market price of 427.7 cents per pound compared with an average provisional invoice price of 432.8 cents per pound. At 31 March 2010 sales totalling 80,700 tonnes remained open as to price, with an average mark-to-market price of 353.0 cents per pound compared with an average provisional invoice price of 325.3 cents per pound. At 31 December 2010 sales totalling 101,900 tonnes remained open as to price, with an average mark-to-market price of 436.7 cents per pound compared with an average provisional invoice price of 381.3 cents per pound.

Tolling charges include a mark-to-market gain for copper concentrate sales open as to price at 31 March 2011 of US\$0.7 million (31 March 2010 – gain of US\$0.4 million; year ended 31 December 2010 – less than US\$0.1 million gain).

**Copper cathodes**

The typical period for which sales of copper cathodes remain open until settlement occurs is approximately one month from shipment date.

At 31 March 2011, sales totalling 10,200 tonnes remained open as to price, with an average mark-to-market price of 427.3 cents per pound compared with an average provisional invoice price of 432.2 cents per pound. At 31 March 2010, sales totalling 10,500 tonnes remained open as to price, with an average mark-to-market price of 352.3 cents per pound compared with an average provisional invoice price of 338.4 cents per pound. At 31 December 2010, sales totalling 12,700 tonnes remained open as to price, with an average mark-to-market price of 437.3 cents per pound compared with an average provisional invoice price of 417.9 cents per pound.

**(b) Molybdenum sales**

	<b>Three months ended 31 March 2011</b>	Three months ended 31 March 2010	Full year 2010
	US\$m	US\$m	US\$m
	<b>Los Pelambres</b>	Los Pelambres	Los Pelambres
	<b>Molybdenum concentrate</b>	Molybdenum concentrate	Molybdenum concentrate
<b>Provisionally invoiced gross sales</b>	<b>73.4</b>	53.0	318.0
<b>Effects of pricing adjustments to previous period invoices</b>			
Reversal of mark-to-market adjustments at the end of the previous period	<b>(0.3)</b>	1.1	1.1
Settlement of molybdenum sales invoiced in the previous period	<b>0.2</b>	9.2	8.1
<b>Total effect of adjustments to previous period invoices in the current period</b>	<b>(0.1)</b>	10.3	9.2
<b>Effects of pricing adjustments to current period invoices</b>			
Settlement of molybdenum sales invoiced in the current period	<b>1.0</b>	3.5	(10.9)
Mark-to-market adjustments at the end of the current period	<b>(1.2)</b>	3.4	0.3
<b>Total effect of adjustments to current period invoices</b>	<b>(0.2)</b>	6.9	(10.6)
<b>Total pricing adjustments</b>	<b>(0.3)</b>	17.2	(1.4)
<b>Turnover before deducting tolling charges</b>	<b>73.1</b>	70.2	316.6
<b>Tolling charges</b>	<b>(3.1)</b>	(2.7)	(13.1)
<b>Turnover net of tolling charges</b>	<b>70.0</b>	67.5	303.5

The typical period for which sales of molybdenum remain open is approximately two months from shipment date.

At 31 March 2011 sales totalling 1,400 tonnes remained open as to price, with an average mark-to-market price of US\$17.1 per pound compared with an average provisional invoice price of US\$17.4 per pound. At 31 December 2010 sales totalling 1,300 tonnes remained open as to price, with an average mark-to-market price of US\$16.1 per pound compared with an average provisional invoice price of US\$16.0 per pound. At 31 March 2010 sales totalling 800 tonnes remained open as to price, with an average mark-to-market price of US\$17.4 per pound compared with an average provisional invoice price of US\$15.6 per pound.

## 5. Derivative Financial Instruments

The Group periodically uses derivative financial instruments to reduce its exposure to commodity price, foreign exchange and interest rate movements. The Group does not use such derivative instruments for speculative trading purposes.

The Group has applied the hedge accounting provisions of IAS 39 “Financial Instruments: Recognition and Measurement”. Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows have been recognised directly in equity, with such amounts subsequently recognised in the income statement in the period when the hedged item affects profit or loss. Any ineffective portion is recognised immediately in the income statement. Realised gains and losses on commodity derivatives recognised in the income statement have been recorded within revenue. The time value element of changes in the fair value of derivative options is excluded from the designated hedging relationship, and is therefore recognised directly in the income statement within other finance items. Realised gains and losses and changes in the fair value of exchange and interest derivatives are recognised within other finance items.

### (a) Mark-to-market adjustments and income statement impact

The balance sheet mark-to-market adjustments in respect of derivatives at the end of each period, and the total effect on the income statement for each period, are as follows:

#### For the period ended 31 March 2011

	<u>Income statement impact for three months ended</u>			<u>Impact on</u>	<u>Total balance</u>
	<u>Realised</u>	<u>Losses resulting from</u>	<u>Total net</u>	<u>reserves at</u>	<u>sheet impact of</u>
	<u>gains/(losses)</u>	<u>mark-to-market</u>	<u>gain/(loss)</u>	<u>31.03.11</u>	<u>mark-to-market</u>
		<u>adjustments on hedging</u>			<u>adjustments at</u>
		<u>instruments</u>			<u>31.03.11</u>
	US\$m	US\$m	US\$m	US\$m	US\$m
<b>Commodity Derivatives</b>					
El Tesoro	-	-	-	1.7	0.4
Michilla	(8.4)	(3.3)	(11.7)	19.8	(60.4)
<b>Exchange Derivatives</b>					
Esperanza	1.1	-	1.1	(1.8)	-
Railway and other transport services	(2.4)	-	(2.4)	-	-
<b>Interest Derivatives</b>					
Esperanza	(0.7)	-	(0.7)	3.3	(32.2)
	<b>(10.4)</b>	<b>(3.3)</b>	<b>(13.7)</b>	<b>23.0</b>	<b>(92.2)</b>

## For the period ended 31 March 2010

	<u>Impact on income statement for three months ended</u> <u>31.03.10</u>			<u>Impact on</u> <u>reserves at</u> <u>31.03.10</u>	<u>Total balance</u> <u>sheet impact of</u> <u>mark-to-market</u> <u>adjustments at</u> <u>31.03.10</u>
	Realised gains/(losses)	Gains/(losses) resulting from mark-to-market adjustments on hedging instruments	Total net gain/(loss)	Gains/(losses) resulting from mark-to-market adjustments on hedging instruments	Net financial asset/(liability)
	US\$m	US\$m	US\$m	US\$m	US\$m
<b>Commodity Derivatives</b>					
El Tesoro	0.3	-	0.3	(0.4)	(0.3)
Michilla	(18.6)	1.4	(17.2)	13.2	(63.3)
<b>Exchange Derivatives</b>					
Los Pelambres	(0.1)	(0.6)	(0.7)	-	(0.4)
Michilla	-	-	-	0.9	0.9
Esperanza	-	-	-	2.1	2.1
Corporate and other items	0.1	0.6	0.7	-	0.4
Railway and other transport services	2.7	(1.9)	0.8	-	(0.3)
Water concession	(1.7)	1.9	0.2	-	-
<b>Interest Derivatives</b>					
Esperanza	-	-	-	(10.7)	(16.4)
	<b>(17.3)</b>	<b>1.4</b>	<b>(15.9)</b>	<b>5.1</b>	<b>(77.3)</b>

## For the year ended 31 December 2010

	<u>Income statement impact for the year ended 31.12.10</u>			<u>Impact on</u> <u>reserves at</u> <u>31.12.10</u>	<u>Total balance</u> <u>sheet impact of</u> <u>mark-to-market</u> <u>adjustments at</u> <u>31.12.10</u>
	Realised gains/(losses)	Gains/(losses) resulting from mark-to-market adjustments on hedging instruments	Total net gain/(loss)	Gains/(losses) resulting from mark-to-market adjustments on hedging instruments	Net financial asset/(liability)
	US\$m	US\$m	US\$m	US\$m	US\$m
<b>Commodity Derivatives</b>					
El Tesoro	0.1	-	0.1	(1.4)	(1.3)
Michilla	(81.5)	(16.1)	(97.6)	17.1	(76.9)
<b>Exchange Derivatives</b>					
Los Pelambres	(0.2)	-	(0.2)	-	-
Michilla	1.5	-	1.5	-	-
Esperanza	-	-	-	1.8	1.8
Corporate and other items	-	0.2	0.2	-	-
Railway and other transport services	(4.7)	(1.6)	(6.3)	-	-
Water concession	(1.7)	1.9	0.2	-	-
<b>Interest Derivatives</b>					
Esperanza	-	-	-	(29.8)	(35.5)
	<b>(86.5)</b>	<b>(15.6)</b>	<b>(102.1)</b>	<b>(12.3)</b>	<b>(111.9)</b>

The gains/(losses) recognised in reserves are disclosed before minority interest and tax.

The net financial asset/(liability) resulting from the balance sheet mark-to-market adjustments are analysed as follows:

	At 31.03.11	At 31.03.10	At 31.12.10
	US\$m	US\$m	US\$m
<b>Analysed between:</b>			
Current assets	0.4	3.4	1.8
Current liabilities	(54.2)	(67.4)	(54.7)
Non-current liabilities	(38.4)	(13.3)	(59.0)
	<u>(92.2)</u>	<u>(77.3)</u>	<u>(111.9)</u>

**(b) Outstanding derivative financial instruments**

**(i) Commodity derivatives**

The Group periodically uses commodity derivatives to manage its exposure to commodity price fluctuations.

**- Min/max instruments**

	At 31.03.11	For instruments held at 31.03.11			
	Copper production hedged tonnes	Weighted average remaining period from 1 April 2011 Months	Covering a period up to: Months	Weighted average floor US cents	Weighted average cap US cents
Michilla	49,575	10.4	31.12.12	311.3	391.6

Between 1 April 2011 and 30 April 2011 nil tonnes of additional min/max instruments were entered into and 3,050 tonnes of min/max instruments matured. As a result up to 30 April 2011:

- (i) 32,775 tonnes of 2011 Group copper production had been hedged with min-max options of which 12,050 tonnes matured by 30 April 2011 and 20,725 tonnes remain outstanding and will mature by the end of the year.
- (ii) 25,800 tonnes of 2012 Group copper production has been hedged with min-max options.

**- Futures – copper production**

	At 31.03.11	For instruments held at 31.03.11		
	Copper production hedged Tonnes	Weighted average remaining period from 1 April 2011 Months	Covering a period up to: Months	Weighted average price US cents
Michilla	500	1	30.04.11	417.3

Between 1 April 2011 and 30 April 2011 500 tonnes of additional futures instruments were entered into and 500 tonnes of futures instruments matured. As a result up to 30 April 2011 1,000 tonnes of 2011 Group copper production had been hedged with futures of which 500 tonnes matured by 30 April 2011 and 500 tonnes remain outstanding and will mature by the end of the year.

**Combined min-max instruments and futures-copper production**

In total, up to 30 April 2011:

- (i) 33,775 tonnes of 2011 Group copper production had been hedged of which 12,550 tonnes matured by 30 April 2011 and 21,225 tonnes remain outstanding and will mature by the end of the year.
- (ii) 25,800 tonnes of 2012 Group copper production has been hedged.

**(ii) Interest derivatives**

The Group periodically uses interest derivatives to reduce its exposure to interest rate movements.

**- Interest rate swaps**

The Group has used interest rate swaps to swap the floating rate interest relating to the Esperanza financing for fixed rate interest. At 31 March 2011 the Group had entered into the contracts outlined below.

	Start date	Maturity date	Maximum notional amount	Weighted Average Fixed Rate
			US\$m	%
Esperanza	15/02/2011	15/02/2018	840.0	3.372