

4 May, 2011

Highlights

- Group copper production in Q1 was 129,800 tonnes, a 10.3% increase compared with the same period in 2010. This increase was mainly due to increased production at Los Pelambres, reflecting higher throughput as a result of the plant expansion. Production was marginally ahead of the previous quarter.
- Esperanza made its first shipment of copper on 27 January 2011 following the start of commissioning of the plant in November 2010. Ramp-up of the plant continued during Q1 2011 with the production of 7,400 tonnes of copper in concentrate.
- Group copper production for Q1 was approximately 29,000 tonnes below the initial forecast reflecting the impact of lower than budgeted grades at Los Pelambres and the longer ramp-up period at Esperanza. Production for the remainder of the year at Los Pelambres is expected to be in line with the initial forecast and at Esperanza will depend on the precise timing and completion of the ramp-up of the operation. The ramp-up process at Esperanza is expected to be completed with the full design capacity of 97,000 tonnes of ore per day being achieved during the course of the second quarter, with a peak daily throughput level of approximately 90,000 tonnes reached by the end of April. While longer than initially expected, this remains within normal limits for a large-scale project of this nature.
- Molybdenum production at Los Pelambres in Q1 was 2,300 tonnes, a 9.3% increase on the previous quarter mainly due to the higher plant throughput.
- Gold production in Q1 was 22,100 ounces including 15,000 ounces from Esperanza.
- Group cash costs (net of by-product credits) in Q1 were 107.8 cents per pound compared to 123.4 cents per pound in the previous quarter. This decrease was mainly due to higher by-product credits and a reduction in on-site and shipping costs at Los Pelambres partially offset by higher costs at El Tesoro and Michilla and the impact of the higher costs at Esperanza as a result of the ramp-up of operations.
- Costs excluding by-product credits in Q1 were 155.8 cents per pound compared with 157.7 cents per pound in the previous quarter.

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Group Total	Q4 2010	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Acc 2011	Acc 2010	Full Year 2010
Total production of payable copper ('000 tonnes)	127.5	129.8				129.8	117.7	521.1
Total production of payable moly ('000 tonnes)	2.1	2.3				2.3	1.8	8.8
Total production of payable gold ('000 ounces)	9.3	22.1				22.1	8.8	35.1
Weighted average cash costs before by-product credits (cents per pound)	157.7	155.8				155.8	128.8	137.3
Weighted average cash costs (cents per pound)	123.4	107.8				107.8	94.7	104.0

Mining operations

Los Pelambres

Los Pelambres produced 91,200 tonnes of payable copper in Q1, compared with 92,300 tonnes in the previous quarter, mainly due to lower ore grades and to a lesser extent lower recoveries partly offset by the increase in daily throughput from 155,400 tonnes to 171,300 tonnes. The Q1 production was approximately 12,000 tonnes below the forecast reflecting the impact of the lower than expected grades in the quarter. Further maintenance work was also performed in March 2011. This maintenance, which had originally been scheduled for August 2011, included the second and final part of the replacement of the conveyor belt which transports the ore from the mine site to the plant. Production for the remainder of the year is expected to be in line with the initial forecast resulting in a 2011 full year production of approximately 407,000 tonnes compared with an initial forecast of 419,000 tonnes. The 9.5% increase in production in Q1 2011 compared with the comparative quarter in 2010 was mainly due to higher plant throughput as a result of the plant expansion partly offset by lower ore grades.

Molybdenum production was 2,300 tonnes in Q1, 9.3% higher than previous quarter, mainly due to higher plant throughput levels. Gold production was 7,200 ounces.

Cash costs were 75.2 cents per pound in Q1 compared with 98.0 cents per pound in the previous quarter. This decrease in costs was due to a reduction in on-site and shipping costs and an increase in by-product credits, partially offset by higher tolling charges. The reduction in on-site and shipping costs was mainly due to lower input costs, in particular energy, labour and maintenance costs partially offset by higher costs as a result of lower ore grades.

Esperanza

Esperanza made its first shipment of copper concentrate on 27 January 2011 following the start of commissioning of the plant in November 2010. Ramp-up of the plant was carried out through Q1 2011, and is continuing during the second quarter. The average daily ore throughput during Q1 2011 was 27,100 tonnes per day, compared to the design capacity of the plant when fully ramped-up of approximately 97,000 tonnes per day. In March 2011 the average daily throughput was 39,300 tonnes per day and during April 2011 the preliminary estimated average daily throughput was 58,000 tonnes with peak levels of approximately 90,000 tonnes per day reached at the end of the month.

The average copper grade during Q1 2011 when the operation was ramping up was 0.54% and the average copper recovery was 81%, resulting in production of payable copper of 7,400 tonnes. The average gold grade during the quarter was 0.41 grammes per tonne, with gold recoveries of 69%, resulting in production of 15,000 ounces of payable gold. The majority of this production is held in inventory at the end of Q1 as a result of a shipment which was scheduled for late March being delayed due to bad weather. This shipment was made on 12 April 2011, with a further shipment on 17 April. All these sales volumes will be recognised in Q2.

The initial forecast for 2011 production was for approximately 159,000 tonnes of payable copper reflecting an average ore grade of 0.59% and average copper recoveries of 88%, and 286,000 ounces of gold reflecting an average grade of 0.37 grammes per tonne. As previously announced, this forecast was based on an initial assumption that the ramp-up period would be completed and the plant would be operating at full design capacity by the end of Q1 2011. Production for Q1 was approximately 16,000 tonnes of copper and 31,000 ounces of gold below the initial forecast. This reflects changes in the phasing of the start-up with an initial circuit of the SAG mill plus one ball mill. The second production circuit was commissioned in February and the pebble crusher circuit in March, with the final pebble crusher started-up in April. The result has been a longer ramp-up period than initially expected but still within normal limits for a large-scale project of this nature.

As previously announced, final production levels for the full year will depend on the precise timing of the completion of the ramp-up and the current expectation is that this should be completed with the full design capacity of 97,000 tonnes per day being achieved during the course of the second quarter of 2011. The ramp-up process has indicated that the technical production process, including the use of sea water, has been operating as expected, with good recoveries and concentrate grades being achieved. During the last ten days of April, both copper and gold recoveries were close to design level.

Cash costs (net of by-product credits) were 144.9 cents per pound on average over the course of Q1 2011. Net cash costs in March 2011 were 102.7 cents. The high level of cash costs in Q1 2011 was due to the impact of the low production volumes during the ramp-up phase on unit cash costs. It is expected that costs will approach normalised levels as the plant reaches full operational capacity. The average cash costs before by-product credits over the first ten years of production are currently estimated at approximately 136 cents per pound. The gold by-product is expected to reduce net cash costs on average during the first ten years of production by just over five cents per pound for every US\$100 in the gold price.

El Tesoro

Copper production at El Tesoro in Q1 was 20,300 tonnes, compared with 23,800 tonnes in the previous quarter, as a result of lower plant throughput due to a major planned maintenance at the plant, and lower recoveries, which improved subsequent to the quarter-end during April.

Cash costs in Q1 were 195.2 cents per pound, marginally higher than the 192.8 cents per pound in the previous quarter, mainly due to the effect of lower production on unit costs, increased sulphuric acid, fuel and energy prices, as well as the major maintenance carried out in March. Cash costs are expected to decrease during the year as a result of increased production from the higher grade Tesoro North East pit as well as the commencement of operations at Mirador during Q4.

Michilla

Michilla produced 11,000 tonnes of copper in Q1, marginally below the production of 11,300 tonnes in the previous quarter. This decrease was mainly due to lower ore grades and average recovery levels partially offset by higher daily average throughput levels.

Cash costs in Q1 were 192.2 cents per pound, a 4.3% increase compared with the previous quarter. This increase was mainly due to the processing of lower grade ore as well as an increase in sulphuric acid costs.

In April 2011, Michilla's board approved an extension to its mine plan from 2012 to 2015 at a similar annual production level, following a combination of in-fill drilling studies to upgrade inferred resources as measured or indicated resources, and engineering studies and mine planning to demonstrate viability.

Commodity prices and exchange rates

The LME copper price averaged 437.5 cents per pound in Q1 2011, compared with 328.6 cents per pound in Q1 2010 and 391.6 cents per pound in Q4 2010. The LME spot copper price at the end of Q1 2011 was 426.4 cents per pound.

The market molybdenum price in Q1 2011 averaged US\$17.2 per pound, compared with US\$15.7 per pound in Q1 2010 and Q4 2010. The average market molybdenum price for March 2011 was US\$17.1 per pound.

The market gold price in Q1 2011 averaged US\$1,387 per ounce, compared with US\$1,110 per ounce in Q1 2010 and US\$1,369 per ounce in Q4 2010. The spot gold price at the end of Q1 2011 was US\$1,435 per pound.

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 when the Group reports its preliminary results announcement on 26 May 2011.

The Chilean peso / US dollar exchange rate averaged Ch\$481.6 / US\$1 in Q1 2011, compared with Ch\$519.0 / US\$1 in Q1 2010. The average exchange rate for Q4 2010 was Ch\$480.3 / US\$1. The exchange rate at 31 March 2011 was Ch\$482.1 / US\$1, and at 30 April 2011 was Ch\$460.0.

Transport

The transport division had a solid operational performance in Q1 with total volumes transported of 2.0 million tons, comparable to the comparative quarter in 2010.

Water

The water business continued to perform well, with Q1 volumes of 12.3 million cubic metres, in line with the previous period and 8.3% above the comparative quarter in 2010 as a result of increased demand from both regulated and unregulated clients.

Interim Management Statement

This report represents the Interim Management Statement for the purposes of the UK Listing Authority's Disclosure and Transparency Rules. Other than as set out above, there have been no significant changes in the financial position of the Group in the quarter ended 31 March 2011.

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

Los Pelambres	Q4 2010	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Acc 2011	Acc 2010	Full Year 2010
Production statistics								
Daily average ore treated (‘000 tonnes)	155.4	171.3				171.3	137.9	159.4
Copper concentrate produced (‘000 tonnes)	277.0	274.8				274.8	244.6	1,160.7
Average copper ore grade (%)	0.74	0.68				0.68	0.78	0.76
Average copper recovery (%)	90.4	89.3				89.3	89.5	90.0
Payable copper in concentrate (‘000 tonnes)	92.3	91.2				91.2	83.5	384.6
Average moly ore grade (%)	0.019	0.017				0.017	0.019	0.019
Average moly recovery (%)	81.5	82.4				82.4	76.7	81.3
Payable moly (‘000 tonnes)	2.1	2.3				2.3	1.8	8.8
Payable gold (‘000 ounces)	9.3	7.2				7.2	8.8	35.1
Cash costs statistics								
On-site and shipping costs (cents per pound)	128.3	110.5				110.5	103.9	106.8
Tolling charges for concentrates (cents per pound)	17.0	20.3				20.3	18.2	17.6
By - product credits (cents per pound) ⁽¹⁾	(47.3)	(55.6)				(55.6)	(48.1)	(45.1)
Cash costs (cents per pound)	98.0	75.2				75.2	74.1	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.

Esperanza	Q4 2010	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				27.1		
Copper concentrate produced (‘000 tonnes)		43.5				43.5		
Average copper ore grade (%)		0.54				0.54		
Average copper recovery (%)		80.9				80.9		
Payable copper in concentrate (‘000 tonnes)		7.4				7.4		
Average gold ore grade (%)		0.41				0.41		
Average gold recovery (%)		69.0				69.0		
Payable gold (‘000 ounces)		15.0				15.0		
Cash costs statistics								
On-site and shipping costs (cents per pound)		287.0				287.0		
Tolling charges for concentrates (cents per pound)		15.4				15.4		
By - product credits (cents per pound) ⁽²⁾		(157.5)				(157.5)		
Cash costs (cents per pound)		144.9				144.9		

⁽²⁾ By-products credits include 19.3 cents per pound 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	Q4 2010	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Acc 2011	Acc 2010	Full Year 2010
Daily average ore treated⁽³⁾ ('000 tonnes)	28.7	25.2				25.2	24.2	26.4
Average ore grade⁽³⁾ (%)	0.98	0.97				0.97	1.24	1.10
Average recovery⁽³⁾ (%)	71.5	68.9				68.9	78.8	71.7
Copper cathodes from the heap-leach process⁽³⁾ ('000 tonnes)	18.2	15.1				15.1	21.1	76.1
Copper cathodes from ROM ('000 tonnes)	5.7	5.2				5.2	3.3	19.2
Total copper cathodes ('000 tonnes)	23.8	20.3				20.3	24.4	95.3
Cash costs (cents per pound)	192.8	195.2				195.2	134.3	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	Q4 2010	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Acc 2011	Acc 2010	Full Year 2010
Daily average ore treated ('000 tonnes)	14.0	14.9				14.9	13.3	14.1
Average ore grade (%)	1.09	1.03				1.03	1.04	1.03
Average recovery (%)	77.9	76.2				76.2	77.9	77.6
Copper cathodes ('000 tonnes)	11.3	11.0				11.0	9.8	41.2
Cash costs (cents per pound)	184.3	192.2				192.2	172.3	183.8

Transport	Q4 2010	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Acc 2011	Acc 2010	Full Year 2010
Rail tonnage transported (‘000 tons) ⁽⁴⁾	1,619	1,524				1,524	1,502	6,184
Road tonnage transported (‘000 tons) ⁽⁴⁾	506	461				461	492	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	Q4 2010	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Acc 2011	Acc 2010	Full Year 2010
Water volume sold – potable and untreated (‘000 m³) ⁽⁵⁾	12,392	12,296				12,296	11,349	46,302

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