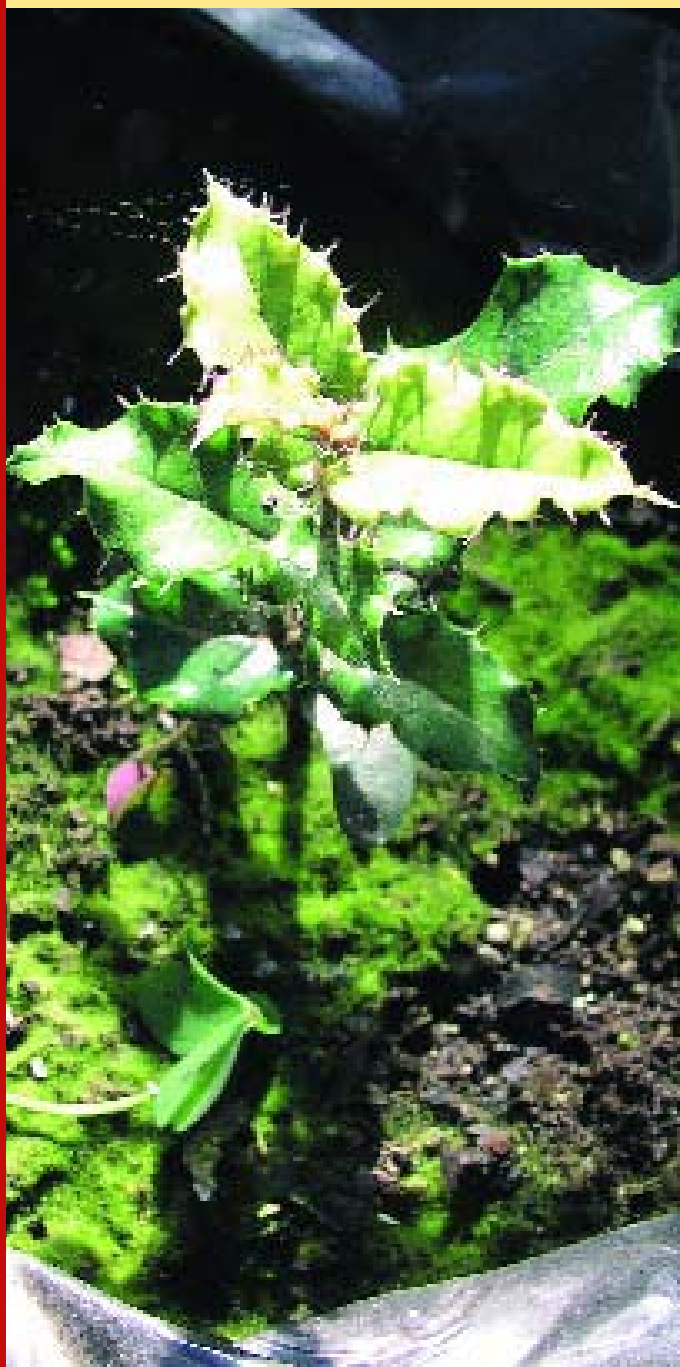




ANGLO AMERICAN CHILE

Building a sustainable future



ANGLO AMERICAN CHILE

Building a sustainable future



A member of Anglo American plc group

Contents



4	Message from our CEO
6	Scope
9	Our Commitment to Sustainable Development
11	Anglo American Chile
21	Management Policies and Systems
27	Our Commitments
33	Our People
43	Safety and Occupational Health
49	Environmental Performance
67	Social Performance
73	Economic Performance
76	Targets for 2005
79	Appendix
80	Global Reporting Initiative Index

Message from Our CEO



Anglo American Chile regards sustainable development as a fundamental principle underpinning our business dealings and as a basis of our business management. The company believes in the balanced development of economic results, the efficient protection of the environment and social responsibility.

Progress has been made in each one of these areas, not only by means of investment but also in the administrative and organisation realms, incorporating this vision in the planning, technological innovation, and people development processes.

We consider that a public commitment is essential, and we have therefore undertaken responsibilities and standards of excellence on safety, environmental, social and quality issues to ensure we meet that commitment. In November 2004 our Mantos Blancos and Mantoverde operations were the first mines in Chile to be certified with the OHSAS 18001 standard. Moreover, Los Bronces, El Soldado and the Chagres smelter obtained ISO 14001 certification, so now all our operations are ISO 14001 certificated.

Making our progress towards sustainability public today is a direct step towards getting even closer to people, thereby showing what we have done and what we are willing to carry on doing in the future.



We now proudly present our first Annual Report on Sustainable Development “Building a Sustainable Future”, which follows the guidelines of the Global Reporting Initiative (GRI) and addresses the environmental, social and economic performance of our five operating divisions.

I invite you to read this document, which commences a practice of providing detailed and systematic information each year about our economic, environmental and social management. Furthermore, we will share material aspects of our company's business with you and we will reveal the activities undertaken to improve our relations with the community and the environment. We also include those milestones and achievements that fill us with pride and which are the outcome of the endeavours made by everyone working for the company. Without delving into any further details about the operation of each one of our five divisions, we can say that each one made a solid contribution to meeting our commitments.

Last, but not least, this report sets out our environmental and social goals and challenges for the next few years. We still have room for improvement, specially in safety, and in our next reports we will be sharing the progress attained as well as the obstacles we will have to overcome to meet these goals.

We will address the challenge purposefully, making all the efforts necessary to reflect our commitment to sustainable development in all our activities.

Finally, I would like to urge our employees to whom we owe our achievements, our investors, neighbouring communities, customers, commercial partners and governmental and non-governmental bodies to write to us with their comments and concerns so as to improve our Report on Sustainable Development every year. I invite you to join us in building a sustainable future.

Pieter Louw
CEO
Anglo American Chile



Anglo American Chile, established late in 2002, is part of the Base Metals Division of Anglo American plc, a global natural resource company based in London, which has made a strong commitment to sustainable development. This entails using its energy, knowledge and skills to protect and add value to natural, human and social resources. From this perspective, Anglo American Chile's goal is to maximise its positive contribution to the community and to the environment so as to build a more sustainable future.

One of the initiatives supported by Anglo American plc is the reporting of sustainable development activities at all of its companies worldwide. Anglo American Chile accepted this challenge in 2004 and this is its first Sustainable Development Report, which is based on the 2002 reporting guidelines of the Global Reporting Initiative (GRI) (www.globalreporting.org).

This report addresses the organisation's commitment to sustainable development and the way this is translated into various initiatives. It includes the ethical values stated in the "Good Citizenship: Our business principles" and the policies governing the organisation's activities; it reports on labour practices, including professional development, relations with labour unions and employee development; it shows the safety and occupational health results; and the company's environmental, social and economic performance.

This first report, which is published voluntarily, covers the operations of the five divisions, i.e., Los Bronces, Mantos Blancos, El Soldado, Mantoverde and Chagres Smelter. Although Anglo American also has a 44% stake in Compañía Minera Doña Inés de Collahuasi, its information will only be included for financial/accounting and production purposes (Collahuasi issues a separate Sustainable Development report).

The period reported on covers operations in 2003 and 2004. The objective of this report is to provide a comparison base following the GRI's recommendation. To improve this process, the next report, which will be released in 2006, will continue to consider data from 2003. The monetary values used are expressed in North American dollars (US\$) unless another currency is specified.

In order to ensure the transparency, completeness, impartiality of the information contained in this document, and adherence to the GRI guidelines an external and independent professional was hired to draw up the report. The indicators being reported were obtained by means of interviews, review of written material and reports drawn up for the parent company.

With regard to external verification, although a formal audit was not requested to review the company's economic, social and environmental report, all the source data has already been verified by KPMG.



Contact us

For any further information, contact us:

Lorenzo Menéndez
Safety and Sustainable Development Manager*

Fernando Valenzuela
Environmental and Community Manager

Marcelo Esquivel
External Affairs Manager

* In 2005 this department replaced the safety, health, environment and quality department.



Anglo American Chile acknowledges that mining is a resource intensive activity and does impact the environment. The company's target is to reduce adverse impact and maximise the beneficial contribution by means of joint actions with governments and society aiming to build a sustainable future.

In June 2004 the Company CEO issued the Anglo American plc document called "Good Citizenship: Our business principles." This sets out the company's view of the rights and responsibilities of the organisation and how to conduct its business in a responsible manner. It includes sections about the integrity of the business, its obligations with the stakeholders, human and labour rights, safety and occupational health, and environmental issues. This document is a guide to all employees and a benchmark for investors, governments and the communities associated with the operations. The next step is to extend these standards to the strategic partners, contractors and suppliers.

Our Commitment to Sustainable Development



To materialise the commitments undertaken in this area, a Sustainable Development Committee was formed in 2003, headed by the Company CEO and made up of the entire senior management team. Its main objectives are:

- To incorporate sustainable development concepts to the company's strategic policies.
- To identify key aspects of social responsibility and develop a structure to integrate the social values inside the organisation.
- To establish specific goals in the different sustainable development areas.

Anglo American plc with its subsidiaries, strategic alliances and associates is one of the largest natural resource companies in the world. It has investments in businesses concerning gold, silver, platinum, diamonds, coal, base and ferrous metals, industrial minerals and forestry products. Moreover, in 2004 it was ranked as having the top sustainability index in the mining sector, Dow Jones Sustainability Index (DJSI) and the top DJSI STOXX European index in the base resources sector.

Anglo American plc currently has over 120 mining and forestry operations and projects on the five continents. It provides direct jobs to around 200,000 people worldwide. Its shares are traded on the London Stock Exchange and in the financial markets in South Africa, Switzerland, Namibia and Botswana. It has an active exploration policy in Latin America with important operations in Chile, Venezuela, Brazil, Colombia and Argentina.

Anglo Base Metals is one of the Divisions of Anglo American plc, which was established due to the importance that resources like copper, zinc and nickel have on industrial economies. Its objective is to find, acquire, develop and operate mining deposits of this kind in the long term and at a low cost. The operations of the Base Metals Division in Chile are carried out through Anglo American Chile.

Anglo American plc: Guiding Principles

- The company's principles and values.
- Good Citizenship: Our business principles.
- Policy on Safety, Occupational Health, the Environment and Quality.

All its companies use these same guidelines to develop their business strategies (see www.angloamerican.co.uk).



ANGLO AMERICAN CHILE

According to an ancient legend, Aphrodite, the Roman Venus, emerged from the sea foam off the coast of Cyprus. When emerging, she requested an object to be able to see for herself why men stared at her with admiration. It was then that she chose copper as the metal for her mirror.



Company Profile

Anglo American started up its operations in Chile in 1980 through Empresa Minera Mantos Blancos. It subsequently acquired a 44% stake in Compañía Minera Doña Inés de Collahuasi. In 2002 it acquired Compañía Minera Disputada de Las Condes, which is currently Minera Sur Andes.

It is the second largest private mining company in Chile with production of 667,000 tons of fine copper in 2004 and sales of around US\$ 2 billion a year, including the company's 44% stake in Collahuasi.

It is engaged in the exploration, exploitation, processing and marketing of copper concentrate, copper anodes/blister and copper cathodes. It also markets by-products like molybdenum and sulphuric acid.

Operating Divisions

Anglo American Chile has five operating divisions: Los Bronces, Mantos Blancos, El Soldado, Mantoverde and Chagres Smelter.

Los Bronces

Los Bronces is an open-pit mine located in the Andes Mountains 50 kilometres from Santiago in the Metropolitan Region. It has a life of over 30 years and large potential reserves, which allow for production expansion in the future. The Las Tórtolas concentrator plant is located in Colina as are the flotation plant and tailings dam.

First Explorations	1867
Location	Los Bronces mine and grinding plant are located 3,000 meters above seal level in the Andes Mountains (Metropolitan Region). The flotation plant and tailings dam are located in Colina.
Life	Over 30 years



2004 Achievements

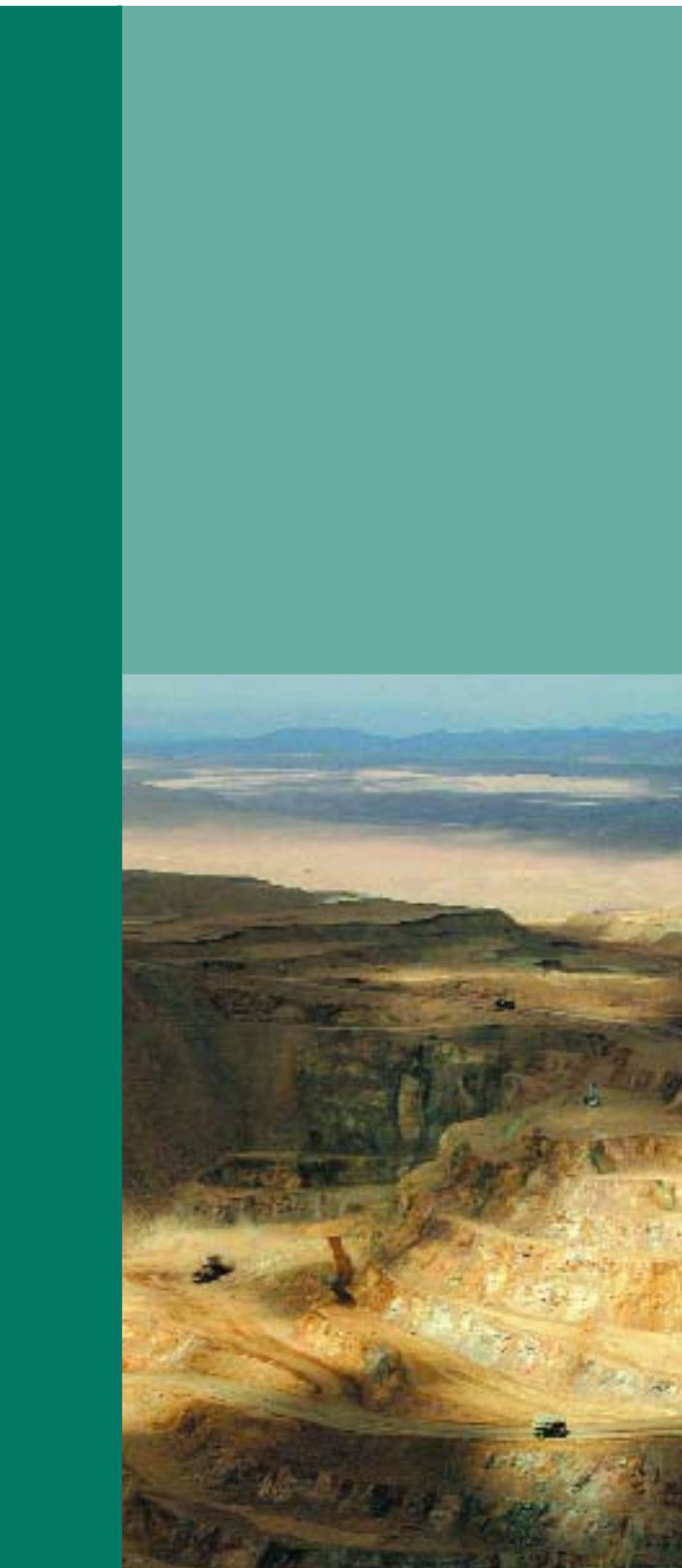
Los Bronces attained copper and molybdenum production increases due to process improvements and the possibility of having better quality process water related to the operation of the San Francisco plant.

The molybdenum plant achieved a large operating continuity that was reflected by a record operating time of 95.9%. Furthermore, the replacement of the copper concentrate pipeline from a 20" diameter to 24" was completed in October to accommodate future treatment increases.

As a result of these enhancements, the production of fine copper was 231,554 tonnes in 2004. Out of the total produced, copper concentrates accounted for 199,825 tonnes and copper cathodes accounted for 31,729 tonnes with a cost (C2) of 44.4 US\$/lb. Furthermore, 1,706 tonnes of molybdenum were produced.

	2004	2003	% Var.
Total Fine Copper			
Production (tonnes)	231,554	207,844	11.4%
Cathodes (tonnes)	31,729	27,717	14.5%
Concentrate (tonnes)	199,825	180,127	10.9%
Operating Cost (US\$/lb)	44.4	55.5	-20.0%

C2: Operating cost including exploitation, sales and administration, depreciation and amortisation cost



Mantos Blancos

The Mantos Blancos Division is located in the Second Region 45 kilometres northeast of Antofagasta and approximately 800 metres above sea level. It is an open-pit mine with an estimated life of 5 years with crushing plants, solvent extraction and electro-winning to treat the oxide ores, and also a sulphide ore treatment plant that produces copper concentrate containing silver.

First Explorations	1913
Location	It is 45 kilometres northeast of Antofagasta in the Second Region.
Life	5 years

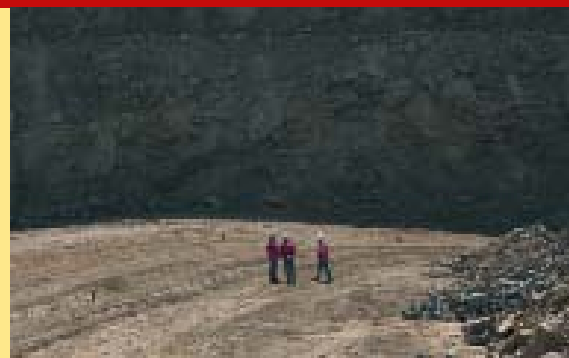
2004 Achievements

Mantos Blancos attained a considerable improvement in the operation of the sulphide plant, both regarding recovery and the concentrate grade. An industrial test was carried out to evaluate extending the life of the mine. This entailed waste dump leaching, selection of low grade oxides from old dumps and in situ waste dump leaching.

The copper production amounted to 94,877 tonnes in 2004, of which copper concentrates accounted for 36,708 tonnes and copper cathodes accounted for 58,169 tonnes at a cost (C2) of 77.6 US\$/lb.

	2004	2003	% Var.
Total Fine Copper Production (tonnes)	94,877	86,895	9.2%
Cathodes (tonnes)	58,169	51,628	12.7%
Concentrate (tonnes)	36,708	35,267	4.1%
Operating Cost (US\$/lb)	77.6	78.4	-1.0%

C2: Operating cost including exploitation, sales and administration, depreciation and amortisation cost



El Soldado

El Soldado is located in Region V in the district of Nogales 132 kilometres from Santiago in the midst of the coastal mountains and approximately 600 metres above sea level. It has an open-pit and an underground mine with an estimated life of 20 years. It also has oxide and sulphide ore treatment plants

First Explorations	1803
Location	It is located in Nogales in the Fifth Region
Life	20 years

2004 Achievements

The Regional Environmental Commission (COREMA) of the Fifth Region approved the Environmental Impact Study to expand the El Torito tailings dam storage capacity from 76 million tonnes to 181 million tonnes, as the current treatment rates will only allow it to operate up to late 2005.

The extended pit project started last year will incorporate a significant level of geological reserves and resources to the mine plan, providing feed to the plant for the next 20+ years.

68,832 tonnes of copper were produced in 2004, of which copper concentrates accounted for 60,727 tonnes and copper cathodes accounted for 8,105 tonnes with a cost (C2) of 81.7 US\$/lb.

	2004	2003	% Var.
Total Fine Copper Production (tonnes)	68,832	70,448	-2.3%
Cathodes (tonnes)	8,105	8,002	1.3%
Concentrate (tonnes)	60,727	62,446	-2.8%
Operating Cost (US\$/lb)	81.7	71.2	14.7%

C2: Operating cost including exploitation, sales and administration, depreciation and amortisation cost



Mantoverde

The Mantoverde Division is located 50 kilometres from the port of Chañaral in the Third Region 900 metres above sea level. It is an open-pit copper mine, which has an estimated life of 10 years with a crushing plant, mechanised material conveying and stockpiling system, heap leaching and a solvent extraction and electro-winning process.

First Explorations	1906
Location	The deposit is located 50 kilometres southeast of Chañaral in the Third Region.
Life	10 years

2004 Achievements

The leaching operation changed from a permanent heap to a dynamic one in April to guarantee the availability of the loading area for the entire life of Mantoverde.

60,111 tonnes of copper cathodes were produced in 2004 at a cost (C2) of 77.2 US\$/lb.

	2004	2003	% Var.
Total Cathode Production (tonnes)	60,111	60,226	-0.2%
Operating Cost (US\$/lb)	77.2	66.5	16.1%

C2: Operating cost including exploitation, sales and administration, depreciation and amortisation cost

Chagres Smelter

Chagres Smelter is one of the most modern smelters in Chile and is located in the town of Catemu in the Fifth Region 100 kilometres from Santiago. Its productive process is carried out with a flash furnace and the smelter's current processing capacity is around 160,000 tonnes of fine copper per year. The sulphur capture is around 95%, which environmentally makes it one of the leading smelters in Chile.

First Explorations	1917
Location	It is located in Catemu in the Fifth Region
Life	Indefinite

2004 Achievements

The Environmental Impact Statement was approved to optimise the facilities of Chagres. Its objective was to increase production capacity to 184,000 tonnes of fine copper per year, to enhance the operating condition of major equipment and improve gas capture and to reduce particulate matter emissions.

The fine copper production at Chagres amounted to 165,000 tonnes in 2004, reaching a peak since its start-up. Moreover, the production of sulphuric acid was 440,000 tonnes.

	2004	2003	% Var.
Production (tonnes)	165,010	160,111	3.1%
Sulphuric acid production (tonnes)	440,514	436,707	0.9%
Operating Cost (US\$/lb)	12.4	14.7	-15.6%

C2: Operating cost including exploitation, sales and administration, depreciation and amortisation cost





Corporate Governance

The administration and use of the brand at Anglo American Chile Limitada* correspond to the partners, acting through a Board made up of seven incumbent directors and seven alternate directors. They are appointed by the partners so that Minera Sur Andes Limitada appoints three incumbent directors and three alternates and Empresa Minera de Mantos Blancos S.A. does the same. Both companies jointly appoint a seventh incumbent director and an alternate. The names of the company directors as of December 2004 are shown below.

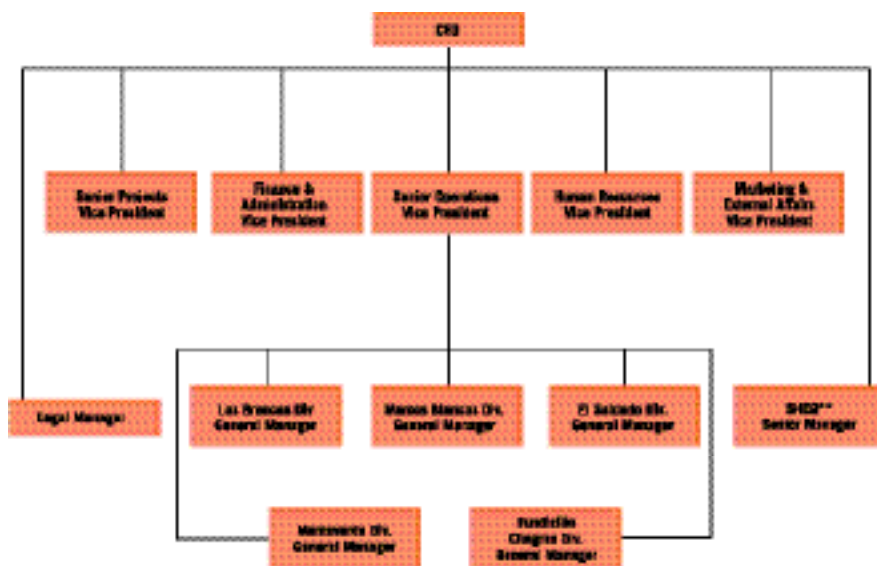
Incumbent Directors

Peter Smith
Pieter Johannes Louw
Felipe Purcell D.
Simon R. Thompson
Brian Beamish
Mike John Gordon
Miguel Angel Durán V.

Alternate Directors

Robert Cunningham
John Dyer H.
Lorenzo Menéndez P.
Alejandro Mena F.
Jorge Betzhold H.
Eduardo Muñoz H
James Edward Beams

Organisational Structure



**SHEQ: Safety, Health, Environment and Quality

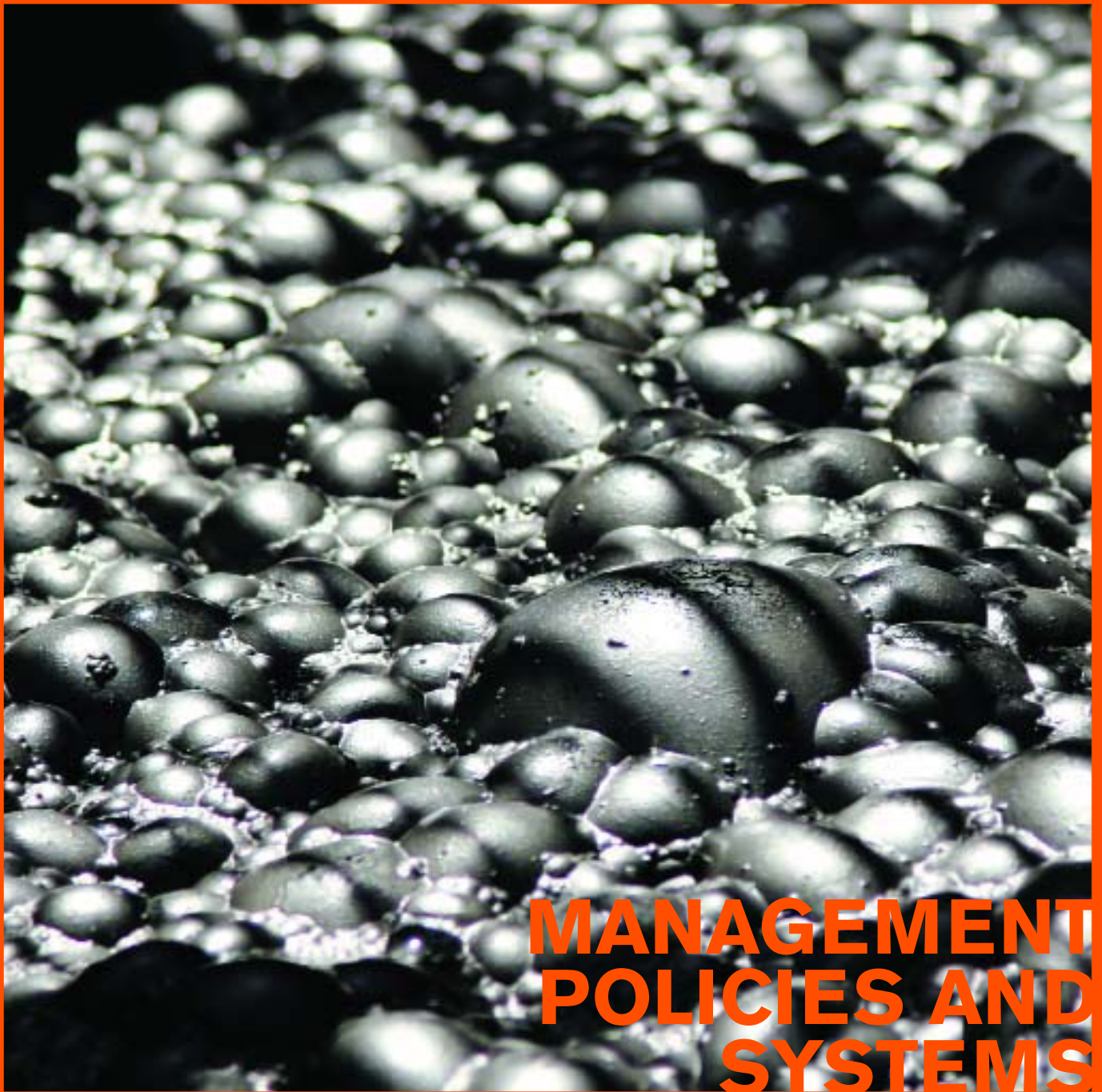
* Further information can be obtained in the Appendix section (page 79) about the legal constitution of Anglo American Chile, its affiliates, subsidiaries and related companies, as well as about the corporate governance of Empresa Minera Mantos Blancos S.A. and Minera Sur Andes.



Don Cunningham **Senior Vice President of Projects and Technical Services** / Felipe Purcell **Marketing and Corporate Affairs Vice President** / John Dyer **Finance and Administration Vice President** / Pieter Louw **President** / Alejandro Mena **Human Resources Vice President** / Miguel Ángel Durán **Senior Vice President of Operations** / Lorenzo Menéndez **Senior Manager of Safety and Sustainable Development**

Senior Management

An organisational structure was defined in early 2003 focused on sharing the best market practices and seeking synergies to address the new challenges. The company's management during the period addressed in this report was headed by a CEO, five Vice Presidents and two managers in the first management line. In addition five general managers reporting to the Vice Presidency of Operations, were responsible for the management and operation of each one of the company's divisions.



The use of copper dates back to the origins of civilisation 10,000 years ago when mankind stopped depending on stone tools and started to use a manipulable and malleable ore available in nature and having a resistance that was unknown up to that time.



Anglo American Chile's operations are governed by two documents that embody its fundamental values. One is the "Good Corporate Citizenship: Our business principles," which expressly sets out how the company's activities must be carried out and the relationship with stakeholders. Due to the length of this document, it was decided only to refer to it throughout this report.

The second guide for the organisation is the Policy on Safety, Health, Environment and Quality. This includes the company's commitment with regard to neighbouring communities.

Furthermore, a Management System has been developed and consolidated in the last few years, which has helped the organisation to certify its processes in the environmental, safety and quality area to recognised international standards.

Good Corporate Citizenship: Our Business Principles

The core aspects of Good Corporate Citizenship are:

1. Anglo American as a workplace:

- We aim to attract, develop and retain the services of the most appropriately skilled individuals.
- We require all our employees and contractors to perform their duties according to the highest standards of ethics and integrity.
- We will not tolerate any kind of discrimination and will promote workplace equality.
- We will not tolerate injuries to our workers and contractors and we shall carry out our operations pursuant to this standard.

2. Anglo American as an investor:

- We believe that seeking to provide superior returns to our shareholders and shouldering our share of social and environmental responsibilities are complementary aspects of the business.

3. Anglo American as a good corporate citizen:

- We seek to make a contribution to the well-being of the communities associated with our operations and we are committed to the principles of sustainable development.
- We will fully comply with current regulations, and will not take part whatsoever in any corrupt or anti-competitive practices.

4. Anglo American in the business world:

- We will try and establish mutually beneficial relationships with our customers, business partners, contractors and suppliers. We will strive for them to see us as their preferred supplier and partner.



Good Corporate Citizen:

Corporate Citizenship

We respect human dignity and the rights of individuals and of the communities associated with our operations. We seek to make a contribution to the economic, social and educational well-being of these communities, through various means including local business development and providing opportunities for workers from disadvantaged backgrounds.

We recognise the sensitivities involved in addressing issues which relate to the cultural heritage of indigenous communities. We will seek to ensure that such matters are handled in a spirit of respect, trust and dialogue.

We believe we have the right and the responsibility to make our positions known to governments on any matters which affect our employees, shareholders, customers or the communities associated with our operations.

Whilst the primary responsibility for the protection of human rights lies with governments and international organisations, where it is within our power to do so, we will seek to promote the observance of human rights in the countries where we operate. We support the principles set forth in the Universal Declaration of Human Rights.

Safety, Health and Environmental Management

We have adopted a comprehensive Safety, Health and Environment Policy and will report regularly on our SHE performance. We will continue to review and develop this policy.

We strive to prevent fatalities, work-related injuries and health impairment of our employees and contractors.

We recognise the need for environmental management to minimise consumption of natural resources and waste generation and to minimise the impact of our operations on the environment.

Senior executives and line management are accountable for safety, health and environmental issues and for the allocation of adequate financial and human resources within their operations to address these matters. We will work to keep health, safety and environmental matters at the forefront of workplace concerns and will report on progress against our policies and objectives.

We recognise the human tragedy caused by the HIV/AIDS epidemic, particularly in sub-Saharan Africa. We have a clear policy for addressing HIV/AIDS in the workplace and are committed to a comprehensive prevention strategy, linked to programmes of care for those with HIV/AIDS. We will strive to eliminate any stigma or unfair discrimination on the basis of real or perceived HIV status.

We are committed to the principles of sustainable development, by which we mean reaching an optimal balance between economic, environmental and social development. We will strive to innovate and adopt best practice, wherever we operate, working in consultation with shareholders.

This Statement should be read in conjunction with fuller policy statements such as our Safety, Health and Environment Policy and such other codes and guidance notes which may be issued from time to time.

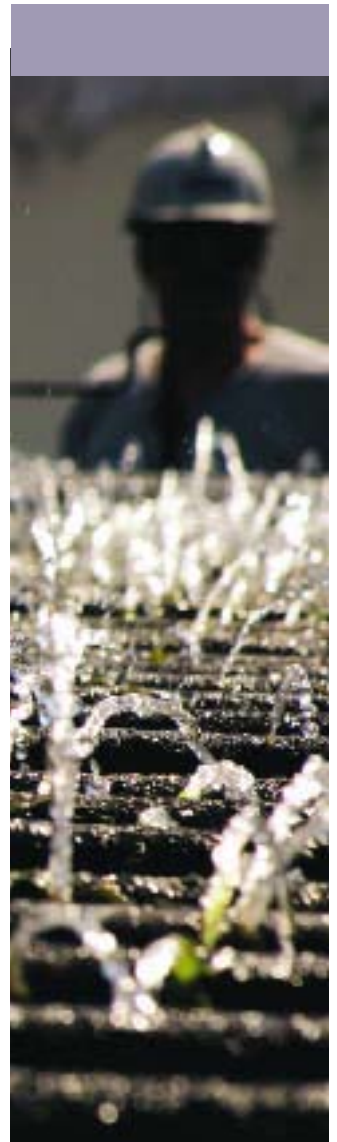
Policy on Safety, Health, Environment and Quality

Anglo American Chile is a mining company that operates at the highest standards in the production of copper. It carries out its activities in a socially and environmentally responsible manner, is committed to the principles of sustainable development endorsed by its parent company Anglo American plc, providing quality products that meet the requirements and expectations of its customers.

To achieve this objective, Anglo American Chile undertakes continuous improvement management based on the following commitments, encouraging its contractors and suppliers to adopt them:

- Allocate the human, material and financial resources needed to comply with this policy.
- Identify and evaluate the risks associated with its activities and implement the necessary prevention and control measures to protect the health and physical integrity of employees and contractors that work in the divisions and prevent or reduce adverse environmental impact and damage to property.
- Respond appropriately to emergencies, accidents or incidents arising from operations.
- Guarantee a healthy, competent, responsible and committed work force by means of ongoing employee selection, education, training and evaluation.
- Comply with applicable laws and regulations and other commitments undertaken by the company adopting, whenever appropriate, the best international practices commensurate with other company policies. Promote suitable regulations based on sound scientific knowledge and with due consideration of the risks, costs and benefits.
- Promote the conservation of natural resources with the efficient use of power and water, among other measures, maintaining active follow-up of the effects of its activities on these resources and on the biodiversity.
- Set objectives, targets and performance indicators for all the operations and evaluate their progress against such objectives and targets, including the applicable legal requirements.
- Cooperate with and maintain open and constructive dialogue with employees, customers, suppliers, local communities, authorities and other interested parties, reporting on the progress towards the achievement of the aims set.

All the members of the organisation will be informed of this policy so they can incorporate it in their daily activities. It will be available to other interested parties and will be reviewed regularly.





Management Systems

Anglo American Chile strives to attain world-class practices at all its divisions and sustainable performance is considered in each new project and investment. To achieve this goal, one of the steps is quality certification in all its processes, the creation of methods to measure and report on its environmental performance and its safety and occupational health practices. All this is by means of certification pursuant to the ISO 9001, ISO 14001 and OHSAS 18001 standards, respectively.

The first milestone towards standardisation was certification with the National Occupational Safety Association (NOSA) systems in the Mantos Blancos and Mantoverde divisions in 1997. Both operations were subsequently certified with the ISO 9001 standard in 1999.

The certification pursuant to environmental standards was started in these two divisions, as Mantoverde attained the ISO 14001 certification in 2001 and Mantos Blancos achieved the same the following year. Los Bronces, El Soldado and Chagres were certified under the NOSA system in 2003.

In 2004 Los Bronces, El Soldado and Chagres were certified pursuant to the ISO 14001 standard and Mantos Blancos and Mantoverde went one step further by attaining the OHSAS 18001 certification, thereby becoming the first mining companies in Chile to achieve this goal.

The Mantoverde Division currently has an Integrated Management System. The implementation of the Integrated Management System, at the other divisions is expected to be completed in 2005.

Certification Processes

Division	Certification	Year	NOSA
Los Bronces	ISO14001	2004	
	OHSAS18001	*	
	ISO9001		
	NOSA	2003	4 Platinum Stars**
Mantos Blancos	ISO14001	2002	
	OHSAS18001	2004	
	ISO9001	1999	
	NOSA	2004	4 Platinum Stars
El Soldado	ISO14001	2004	
	OHSAS18001	*	
	ISO9001		
	NOSA	2003	3 Platinum Stars
Mantoverde	ISO14001	2001	
	OHSAS18001	2004	
	ISO9001	1999	
	NOSA	2003	4 Platinum Stars
Chagres	ISO14001	2004	
	OHSAS18001	*	
	ISO9001		
	NOSA	2003	3 Platinum Stars

* 2005 Targets

** Platinum: Integrated system, that includes safety, health and the environment

NOSA

The NOSA standards help manage the risks to which people, facilities, equipment and the environment are exposed. The star classification (from one to five) is given based on the quality and soundness of the risk management systems in place at the organisation and its effectiveness (accident rate). The system originally used colours to certify occupational health and safety, but it now uses platinum stars to rate integrated systems (health, safety and environment).

OHSAS

Occupation Health and Safety Assessment Series for health and safety management systems. It is intended to help an organization to control occupational health and safety risks. It was developed in response to widespread demand for a recognized standard against which to be certified and assessed.

ISO

This is the English acronym for International Standardisation Organisation. Its objective is to standardise a series of aspects and processes in organisations.



The Mesopotamian, Egyptian, Indian, Chinese, Roman and some Andean cultures are just some, among others, that used copper as the basis for their development.



Relationships with Our *Stakeholders*

We acknowledge that business success brings obligations. Our operations will perform better when the communities surrounding them are stable and prosperous. Anglo American Chile divides its stakeholders into six groups (see box). A further categorisation considers them as interested, affected groups and/or authorities for each one of these segments and according to the degree of interrelationship they establish with the company.

Principles of Good Citizenship: Our Responsibilities to the Stakeholders

Our primary responsibility is to our investors. We will seek to maximise shareholders value over time. We believe that this is best achieved through an intelligent regard for the interests of other stakeholders including our employees, the communities associated with our operations, our customers and business partners. A reputation for integrity and responsible behaviour will underpin our commercial performance through motivating employees and building trust and goodwill in the wider world.

The following considerations guide our dealings with stakeholders:

Investors

We will ensure full compliance with relevant laws and regulations. We are committed to good corporate governance, transparency and fair dealing.

Employees

We aim to attract and retain the services of the most appropriately skilled individuals. We are committed to treating employees at all levels with respect and consideration, to investing in their development and to ensuring that their careers are not constrained by discrimination or other arbitrary barriers to advancement. We will seek to maintain a regular two-way flow of information with employees to maximise their identification with, and ability to contribute to, our business.

Communities

We aim to promote strong relationships with, and enhance the capacities of, the communities of which we are a part. We will seek regular engagement about issues which may affect them. Our support for community projects will reflect the priorities of local people, sustainability and cost effectiveness. We will increasingly seek to assess the contribution of our operations to local social and economic development, and to report upon it.

Customers and Business Partners

We seek mutually beneficial long-term relationships with our customers, business partners, contractors and suppliers based on fair and ethical practices.

Governmental Organisations

We respect the laws of host countries whilst seeking to observe, within our operations, the universal standards promulgated by leading intergovernmental organisations. We aim to be seen as socially responsible and an investor of choice.

Non-Governmental Organisations

We aim for constructive relations with the respective non-governmental organisations. Their input may lead to better practices and increase our understanding of our host communities.

International Agreements

Anglo American Chile subscribes the commitments undertaken by the parent company in its international covenants and agreements. Anglo American plc belongs to the International Council on Mining and Metals (ICMM), to the World Business Council for Sustainable Development (WBCSD), to the International Business Leaders Forum (IBLF) and other similar associations that set the pace for sustainable development in the industry.

In 2004 it adhered to the Global Compact Initiative, headed by Kofi Annan, the Secretary-General of the United Nations (UN). This UN unit was established with the objective of becoming a forum where companies can address adverse reactions to globalisation and show they are a source of well-being.



It is also committed to the Extractive Industries Transparency Initiative (EITI). Its purpose is to raise the trust of interest groups, thereby reducing the opportunities of embezzlement of money and promoting debate on significant issues for the communities.

Since August 2003 it has also been participating as our Organisational Stakeholders (OS) in the Global Reporting Initiative (GRI). In 2004 it fulfilled an outstanding role as part of the work team to develop the supplement for the mining sector.



Organisational Stakeholders (OS) in the GRI

The GRI offers a mechanism through which an unlimited number of organisations can identify themselves as committed to the mission of the GRI. The OS elect 60% of the Council of Stakeholders. 201 companies from 36 countries have registered as OS.

WBCSD

The World Business Council for Sustainable Development is a body, whose members include around 170 international companies united in the conviction of maintaining an unwavering commitment to sustainable development.

Voluntary National Agreements

Anglo American Chile signed two important agreements in 2004.

Chilean Affiliate of the WBCSD

On August 17, 2004, Anglo American Chile, along with other eight companies, signed as co-founder the constitution of the Chilean chapter of the WBCSD. Members of this organisation have access to a worldwide network of 50 regional and national business associations and to one thousand business leaders throughout the world.

The signatories establish a work alliance with the WBCSD becoming "associated organisations." Besides participating in the activities and initiatives of the WBCSD, the members of the worldwide network have access to documents and information generated by the Council and to instances of mutual cooperation. It also enables them to be connected to the latest advances and best practices of economic, environmental and social management and offers them access to the sustainable development platform of the network.

Cooperation Agreement with the Labour Bureau

On November 28, 2003, a cooperation agreement was signed by the Labour Bureau, the Company and all the labour union organisations of Anglo American Chile, represented by their respective presidents. This is the second agreement of this kind to be signed by a company in Chile.

The aim of this initiative is to contribute to the development of inspection programs of its operations, its contractors and subcontractors, with the purpose of verifying compliance with regulations on risk prevention, safety, industrial hygiene, occupational health, and other labour and social security regulations.

Regular inspections will be carried out with the participation of Anglo American Chile and its labour unions and the Labour Bureau. Moreover, the company made a commitment to require from its contractors a certificate issued by the Labour Bureau that certifies compliance with the social security and labour obligations related to their workers.

Membership

The SHEQ manager of Anglo American Chile chairs the Environmental Commission of Sociedad Nacional de Minería (SONAMI), organisation where most of the private mining companies are associated. The objectives of this committee are to have closer interaction with governmental bodies to consolidate environmental institutionalisation in Chile, promote the improvement of the industry's environmental management and work together to present the country's standpoint in discussions that are held in international forums on environmental issues.

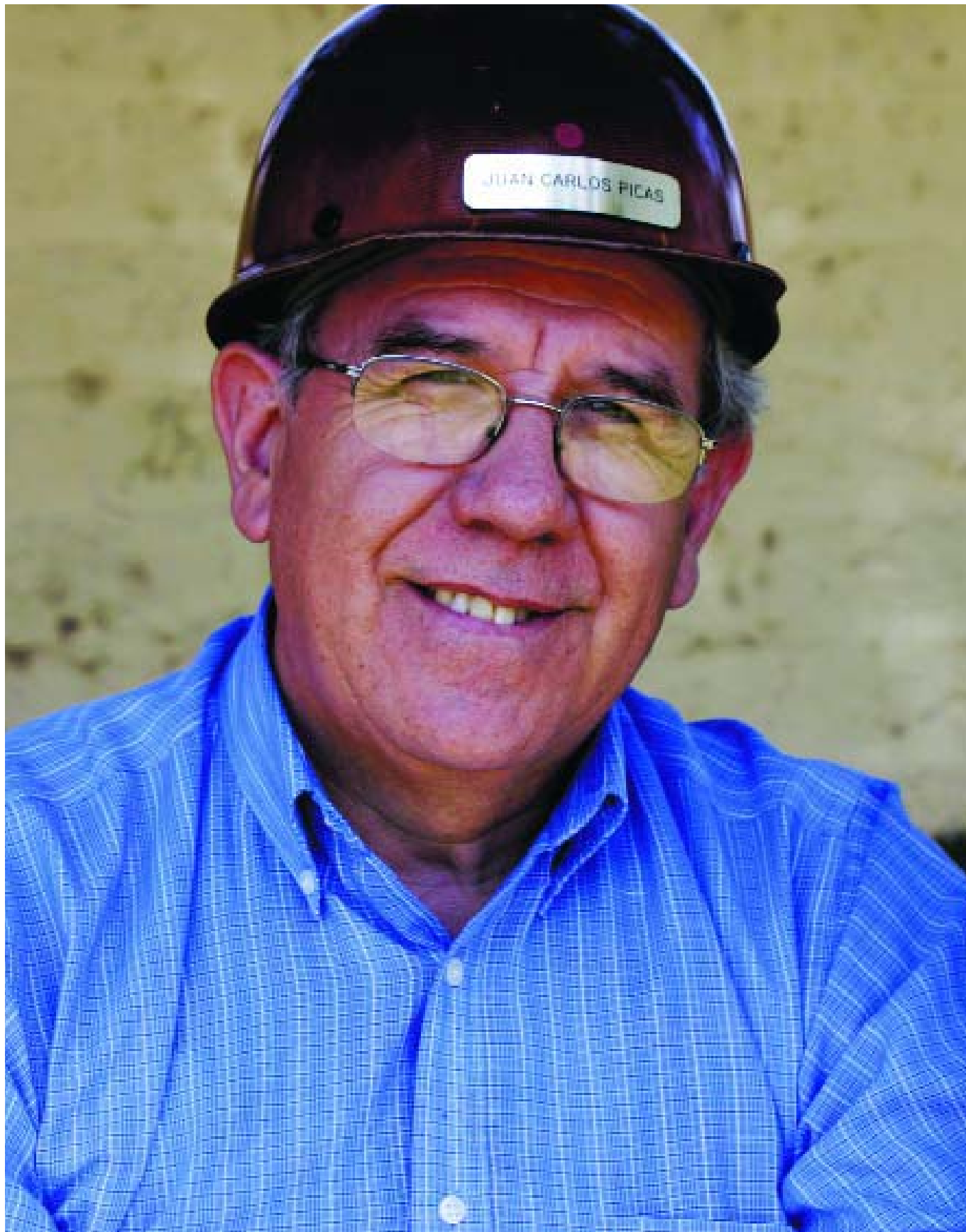
Furthermore, Anglo American Chile participates in different organisations engaged in promoting and developing risk prevention policies and procedures. It belongs to the National Safety Council, the Regional Committee of Mining Safety and the National Committee of Mountain Safety.

Anglo American Chile also participates in the following institutions:

- Consejo Minero (Mining Council)
- Sociedad Nacional de Minería
- Cochilco
- Acción RSE (Business Social Responsibility Action)
- Instituto de Ingenieros de Chile (College of Chilean Engineers)



Depending on the language, copper is known as: cuprum (Latin), bakar (Croatian), cuivre (French), rame (Italian), kobber (Norwegian), kupfer (German), kupru (Rumanian), kupari (Finnish), copper (English) and cobre (Spanish and Portuguese).



In Touch

In order to minimise the possibilities of poor business practices, an initiative called In Touch was created in 2004, which is aimed at integrating employees, contractors and suppliers, taking a further step towards the objective of making Anglo American Chile one of the most valuable and respected copper businesses in the world.

This initiative is a hot line intended to facilitate employees, contractors and suppliers the reporting of practices that are contrary to the company's values. It supports the principles set forth in "Good Citizenship" and does not replace the current means of communication within the organisation.

Principles of Conduct of Good Citizenship: Business Integrity and Ethics

We support free enterprise as the system best able to contribute to the economic welfare of society as well as to promote individual liberty. Without profits and a strong financial foundation it would not be possible to fulfil our responsibilities to shareholders, employees, society and to those with whom we do business. However, our investment criteria are not solely economic. They also take into account social, environmental and political considerations.

- We will comply with all laws and regulations applicable to our businesses and to our relationships with our stakeholders.
- We are implacably opposed to corruption. We will not offer, pay or accept bribes or condone anti-competitive practices in our dealings in the marketplace and will not tolerate any such activity by our employees.
- We prohibit employees from trading securities illegally when in possession of unpublished price-sensitive information.
- We require our employees to perform their duties conscientiously, honestly and with due regard for the avoidance of conflicts between any personal, financial or commercial interests and their responsibilities to their employer.
- We will maintain high standards of planning and control to: identify and monitor material risks; safeguard our assets; and to detect and prevent fraud.
- We will promote the application of our principles by those with whom we do business. Their willingness to accept these principles will be an important factor in our decisions to enter into, and remain in, such relationships.
- We encourage employees to take personal responsibility for ensuring that our conduct complies with our principles. No one will suffer for raising with management, violations of this policy or any legal or ethical concern.



Labour Relations

Anglo American Chile believes in dialogue with its employees and supervisors as a way of creating bonds of good labour relations. The company and its employees share the goal of attaining continuous and profitable operations and therefore work together towards meeting this objective.

The total workforce was 4,693 persons, as of December 2004, of which 2,253 are own employees, 1,680 are operation contractors and 760 service contractors. Out of our own employees, 2,205 have an indefinite contract and 48 are on a fixed-term contract. All the employees working in the company are full-time.

Moreover, the amount allocated to salaries and payments of labour benefits amounted to US\$78,970,000 in 2003 and to US\$90,850,000 in 2004.

Total Headcount

Year	2003	2004
------	------	------

By divisions**(includes third parties)**

Los Bronces	1.294	1.288
El Soldado	866	949
Mantos Blancos	1.086	1.041
Mantoverde	714	666
Chagres	490	462
Santiago Offices	280	287
Total headcount	4.730	4.693

By Dependence

Own staff	2,232	2,253
Service contractor employees	744	760
Operation contractor employees	1,754	1,680
Total headcount	4,730	4,693

With regard to unionisation, the company respects this right of its workers. 96% of its workers with a contract governed by collective bargaining belong to one of the nine labour unions. Relations with labour union organisations are good and a constant flow of communication takes place through monthly meetings. (See page 32 – Cooperation Agreement with the Labour Bureau).

Two non- mandatory collective bargaining processes were carried out in 2004 with three unions of the Mantos Blancos and Mantoverde divisions, which represented 430 workers.



Good Labour Practices

One of the key aspects of “Good Citizenship” is to create a positive labour environment. The aim is to attract, develop and retain the services of the best skilled individuals, and for all employees and contractors to perform their duties according to the highest standards of ethics and integrity. The organisation has designed various initiatives to attain these objectives.

Diversity and Opportunity

The company explicitly states its commitment to treat employees at all levels with respect and consideration, to invest in their development and to ensure that their careers are not constrained by discrimination or other arbitrary barriers to advancement. We will seek to maintain a regular two-way flow of information with employees to maximise their identification with, and ability to contribute to, our business.

Breakdown of Management Positions

N° of Vice Presidents or Senior Managers	28
N° of male Vice Presidents or Senior Managers	27
N° of female Vice Presidents or Senior Managers	1
N° of Managers	37
N° of male Managers	36
N° of female Managers	1

Principles of Conduct of Good Citizenship: Employment and Labour Rights

- We are committed to the adoption of fair labour practices at our workplaces and our conditions of service will comply with applicable laws and industry standards.
- We will promote workplace equality and will seek to eliminate all forms of unfair discrimination.
- We will not tolerate inhumane treatment of employees including any form of forced labour, physical punishment, or other abuse.
- We prohibit the use of child labour.
- We recognise the right of our employees to freedom of association.
- We will operate fair and appropriate means for the determination of terms and conditions of employment. We will provide appropriate procedures for the protection of workplace rights and our employees' interests.
- We will provide employees with opportunities to enhance their skills and capabilities, enabling them to develop fulfilling careers and to maximise their contribution to our business.

Labour Climate

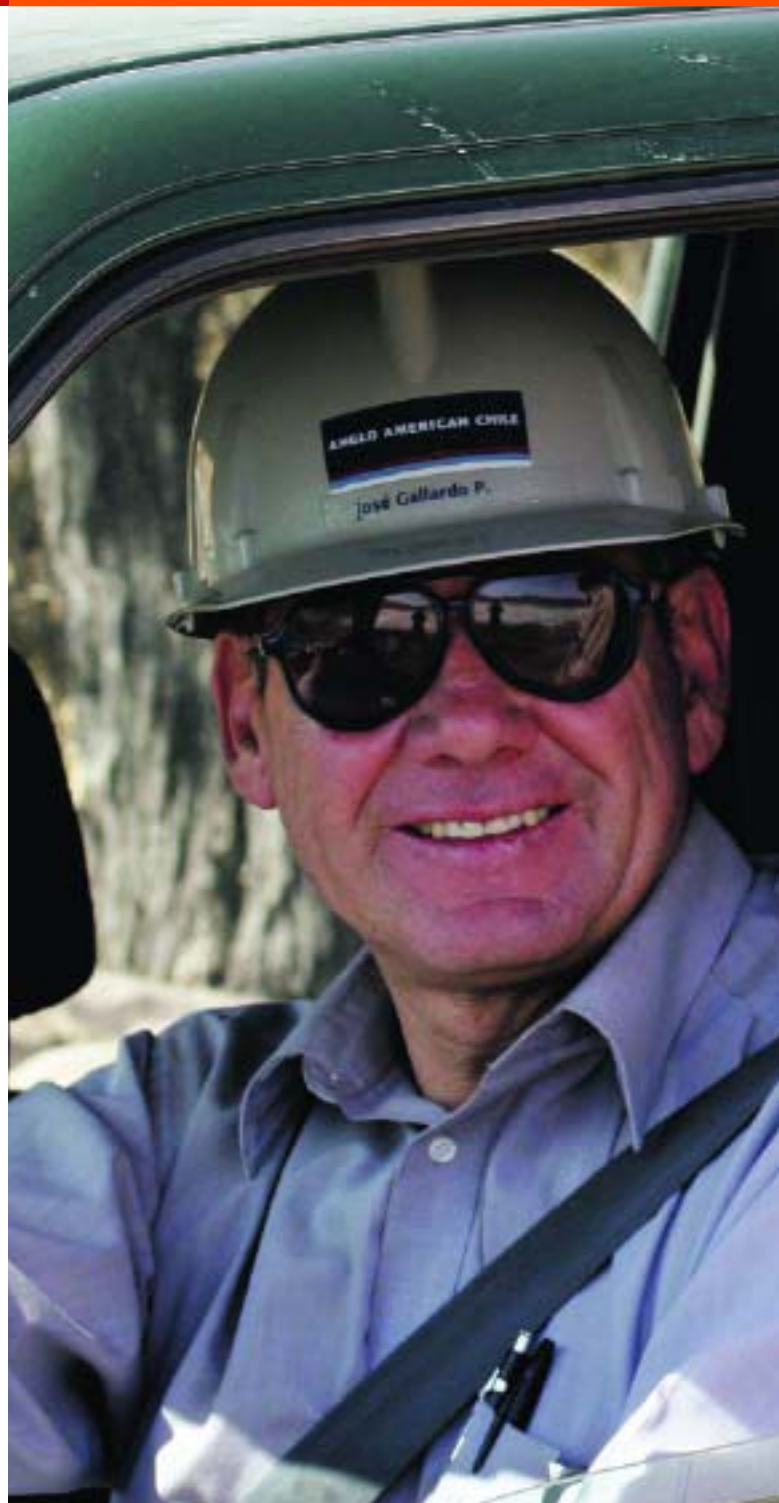
A Labour Climate Survey was undertaken in 2004, in which all our employees participated. This is the first time that this kind of activity has been carried out worldwide in the companies of Anglo Base Metals and it will be repeated every two years.

One of the achievements attained was mass employee participation in the survey and, despite going through a process of organisational change, 87% of those surveyed said they felt proud to work for Anglo American Chile and 94% said they were committed to continue with the company in the mid and long term.

Moreover, focus groups were held to analyse some results in more depth and action plans were drawn up where needed, in a process lead by the division general managers.

Philosophy of Continuous Improvement

In 2004 it was reinforced that all company activities and all decisions must consider continuous improvement. This means to be always monitoring for changes in the environment and potential improvement opportunities developing in the market place. A study was made of all the tools used at Anglo American Chile to undertake continuous improvement and an initiative called Knowledge Management was developed, which consists of sharing experiences among the divisions by means of specific mechanisms created for this purpose.



Employee Development

Anglo American Chile values the individual contribution based on performance, experience and level of responsibility.

Employee development is an area that contributes to the value and professional growth of the employees. The annual performance evaluation process is a key tool in which specific objectives are set and feedback is given to the employee. Training is offered to bolster technical, management, leadership, safety, occupational health, environmental and quality knowledge.

There is also the possibility of participating in international conferences and taking temporary assignments in different areas of the company. There are different kinds of panels (interviews), in which high potential professionals participate. 14 regional and 7 divisional panels were held in 2004.

The development of talents is specifically focused on those employees with special potential and skills that make them stand out among their peers. 472 people of special potential have been defined in the organisation according to a structured methodology.



Recruiting Systems

Some of the employees started their relationship with the company even before leaving school, as a result of the company's recruiting systems.

One of these is the Trainee programme, which selects the best qualified engineering students in the last years of Chilean universities. They join the company, participate in a training plan in which they work in several areas, and in two years a decision is made on their position in the company.

The second initiative is the thesis and the student in practice programme, which contemplates vacancies at each division. Both cases are remunerated and seek to help students complete their curricular requirements and enhance their employment possibilities. This is especially significant in places like Catemu, Chañaral and Copiapó. In 2004 there were 130 openings for practices, while the thesis programme had 47 students.

The Apprentice Programme is the third form of recruitment. This is an initiative implemented with the Government that allows outstanding youngsters from technical schools to have access to a dual educational system whereby they acquire part of their knowledge in the classroom and the other part in a company. In the case of Anglo American Chile, youngsters arrive as apprentices and have tutors that guide their activities inside the organisation for two years.

79 youngsters participated in this programme in 2004. The objective is to help develop technically skilled manpower trained on safety, the environment and quality. Most of the youngsters find a job with contractor companies and others are employed directly by Anglo American Chile.

Professional Practices

Year	2004	2003
Nº of males	91	83
Nº of females	39	31
Total amount involved	US\$101,446	US\$92,649

Thesis Student Programme

Year	2004	2003
Nº of males	40	35
Nº of females	7	6
Total amount involved	US\$112,863	US\$87,781

Apprentice Programme

Year	2004	2003
Nº of males	60	46
Nº of females	19	8
Total apprentices	79	54
Total amount involved	US\$160,484	US\$109,698



Anglo American Chile's competitive advantage lies in the quality and professionalism of its employees. The number of hours allocated to training in 2004 was 94,492 Man Hours (MH) which entailed a total investment of US\$581,669.

Training



Training				
Training Subject	2004		2003	
	MH*	N° of people	MH*	N° of people
Safety, occupational health, environment and quality	14,755	1,780	7,839	1,210
Computing	2,726	164	4,582	163
Management	19,073	1,272	4,147	223
Technical	57,135	2,863	40,984	742
Other	803	56	406	20
Total	94,492	6,135	57,958	2,358

* MH: Man Hours

Educational level of own employees

Education	N° employees
Basic	234
Secondary	1,071
Technical	388
University	560
Total own employees	2,253



Copper is a dull red, shiny, malleable and ductile metallic element; it is a very good conductor of electricity and heat; it has a high degree of roughness (it breaks if hammered) and is very resistant to atmospheric corrosion.

Safety

The main safety and occupational health achievement in 2004 was the certification of Mantos Blancos and Mantoverde with the OHSAS 18001 standard. These operations became the first mines in Chile to obtain this distinction (November 2004). In 2005 efforts will be focused on obtaining this certification at the other divisions.

Anglo American Chile's safety management motto is Zero Tolerance, Target Zero (OTTO). This requires full compliance with the standards and stopping any unsafe work.

The company complies with the current Chilean regulation on safety and occupational health. Pursuant to Law 16.744, there is a parity hygiene and safety committee at each division (including the Santiago offices). It is made up of three company and three worker representatives (in addition to an alternate representative for each regular member). They are work teams that meet to seek solutions and enhancements in the protection of people and company assets.

Anglo American Chile has methods in place to register, investigate and share information on accidents, coordinated by the SHEQ department in each division. This helps determine the type of accident and the circumstances in which it occurred. In the case of lost-time, fatal and high potential accidents, specific investigations are carried out to determine the causes and establish action plans. Moreover, deadlines and responsibilities are assigned. These reports are distributed to all the operations so as to share experiences and prevent similar events from occurring again.

Forms called Accidentgrams are also used, which include information about the accident, its description, causes, lessons learned and a diagram. These are posted on the Intranet and the results are shared with the parent company. Weekly and monthly reports are distributed internally. Anglo American Chile also reports safety statistics to the Chilean Geology and Mining Service (SERNAGEOMIN).



Safety Recognition

- The Mantos Blancos plant received the Annual Award from the National Safety Council in recognition of its safety efforts.
- The electrical department of the Chagres Smelter received recognition from the National Safety Council for 26 years without any lost-time accidents.



Golden Rules

The “Golden Rules” in safety are basic guidelines that must be complied with in all the company's activities. These have contributed to creating clear, demanding and quantifiable standards on potentially hazardous issues like the following:

- Work in confined spaces and at height.
- Energy and Machinery Isolation/ Lockout.
- Driving transport vehicles.
- Lifting and materials handling.
- Handling of hazardous substances and metals at high temperatures.
- Landslides and rock falls.

An inter-divisional audit was carried in 2004 of the Golden Rules, and compliance assessed at 88%. Specific action plans were established in each division to overcome the deficiencies identified.

Visible Felt Leadership

The company's policy is that it must perform its activities so that the safety of its employees, customers and the general public are protected. With this aim, management must demonstrate Visible Leadership through personal contact with employees, observing and providing feedback about safety aspects of their work. This programme had 90% compliance in 2004.

Safety Indicators

Despite all the safety efforts, in 2004 there were two fatal accidents at Anglo American Chile involving six of its contractors. One occurred at Los Bronces and the other at El Soldado.

The basic causes on both events were investigated and a benchmarking effort was conducted with Anglo American plc and other mining operations to help establish the best safety practices. An action plan was implemented to prevent situations of this kind from being repeated and a similar benchmarking process was started with the top 10 safety risks. This work should be completed in 2005.

Another challenge for 2005 is to improve overall contractors safety performance, conveying the company's philosophy regarding the importance of safe work. This is because the accident rate of third parties exceeds that of our own employees by three times.

There were 51 lost-time accidents in 2004. Contractors accounted for 41 of these and company employees for the other 10. The overall accident rate (LTIFR*) was 0.65, 0.33 for own employees and 0.85 for contractors. This situation was disappointing, as the target was to attain an accident rate of 0.32 in 2004. The severity rate (LTISR**) was 244, 100 for own employees and 334 for contractors.

* Lost Time Injury Frequency Rate (LTIFR): Number of lost time accidents per two hundred thousand working hours.

** Lost Time Injury Severity Rate (LTISR): Number of working hours lost per two hundred thousand working hours.



All people working at Anglo American Chile must bear in mind the following:

- Ensure the existence of safe work methods and the availability of significant information on health and safety for all the activities.
- Identify the hazards and assess the risks before starting any task or activity.
- Review the hazards and risks whenever processes, people or circumstances change.
- All people must be trained, authorized and fit to perform their duties.
- Personal Protective Equipment (PPE) must be used.
- Ensure emergency response plans based on possible risk scenarios are in place before starting the work.
- Stop work that is unsafe...and make it safe.

Own Employee and Contractor Accident and Severity Rates

2004			LTIFR*			LTISR**			2005
									Targets
	Own Employees	Contractors	Total	Own Employees	Contractors	Total	LTIFR		
Los Bronces	0,37	0,42	0,40	115	300	202	0		
Mantos Blancos	0,00	1,02	0,65	0	542	344	0		
El Soldado	0,63	2,11	1,39	108	554	336	0		
Mantoverde	0,00	0,55	0,41	0	185	140	0		
Chagres	0,56	0,68	0,61	305	188	252	0		
Services & Projects	0,00	0,60	0,52	0	225	194	0		
Anglo American Chile	0,33	0,85	0,65	100	334	244	0		

2003			LTIFR*			LTISR**			2004
									Targets
	Own Employees	Contractors	Total	Own Employees	Contractors	Total	LTIFR		
Los Bronces	0,29	0,93	0,58	115	419	235	0,37		
Mantos Blancos	0,19	0,54	0,42	0	141	93	0,35		
El Soldado	0,48	0,62	0,56	108	452	275	0,24		
Mantoverde	0,44	1,12	0,96	0	352	287	0,22		
Chagres	0,28	0,97	0,6	305	67	385	0,34		
Services & Projects	0	0,96	0,79	0	246	202			
Anglo American Chile	0,3	0,85	0,63	100	291	229	0,3		

* Lost Time Injury Frequency Rate (LTIFR): Number of lost time accidents per two hundred thousand working hours.

** Lost Time Injury Severity Rate (LTISR): Number of working hours lost per two hundred thousand working hours.



The prevention of occupational illnesses caused by prolonged exposure to potential risks in the workplace is a priority for the company. It has designed specific programmes for this in each one of its divisions, which seek to identify and evaluate possible health risks and implement suitable protection programmes and measures to control the levels of exposure.

There were no cases of silicosis in 2004 nor in the last three years, which indicates that this risk has been controlled through the respiratory protection programme applied at all the divisions. There were three cases of gradual hearing loss caused by noise, although a hearing protection programme is also in place at all the divisions. The employees affected were reassigned to other tasks to eliminate their exposure to this factor.

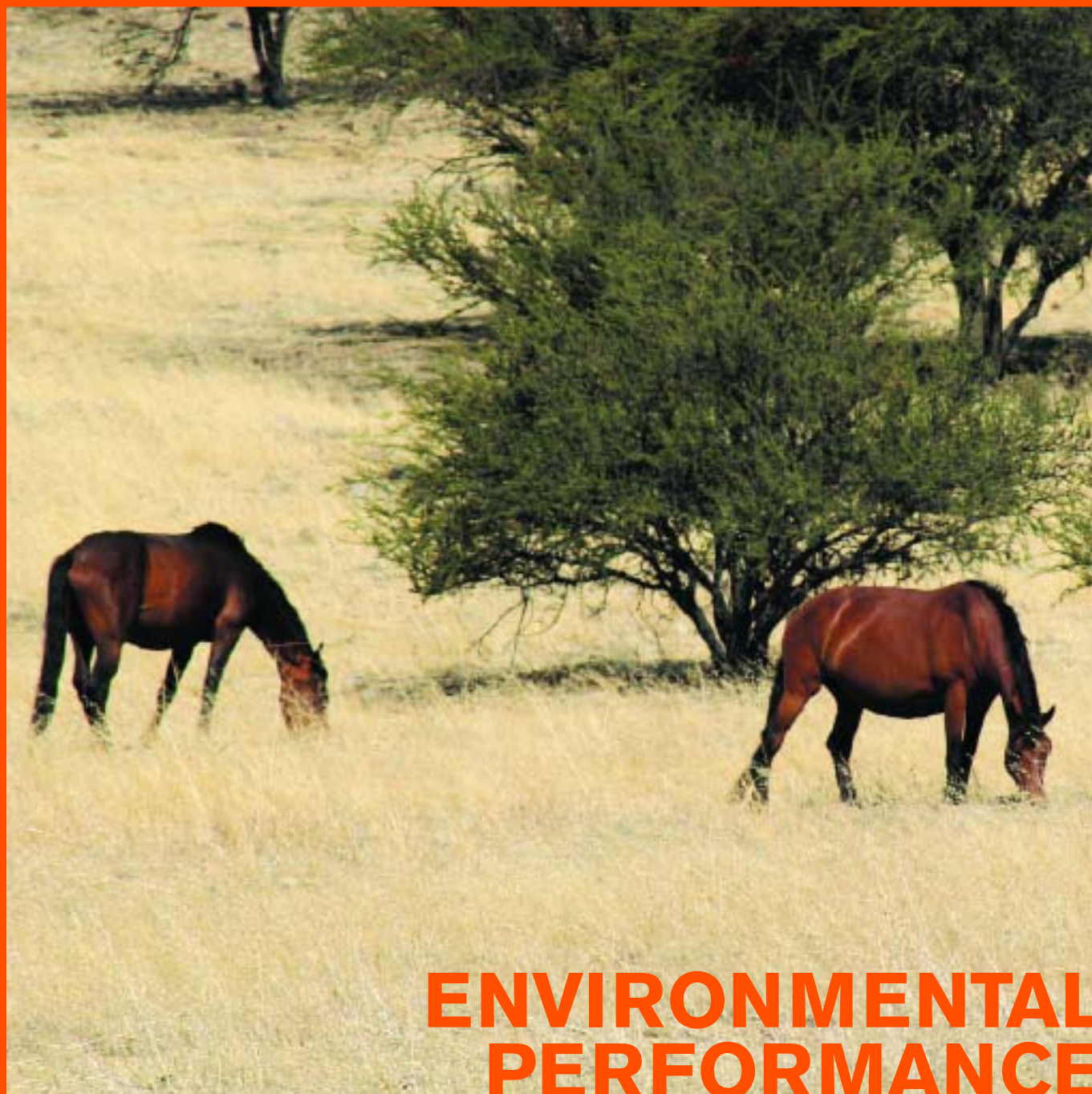
With regard to sexually-transmitted diseases and HIV/AIDS, the company has a policy that was published in 2004. A survey will be conducted in 2005 to find out the level of understanding that people have about this issue.

A Fitness for Work Programme is also underway which comprises both an assessment of the job requirement and a medical check-up of own employees and contractors to evaluate how fit they are for their work.

A Fitness for Work Programme is also underway which comprises both an assessment of the job requirement and a medical check-up of own employees and contractors to evaluate how fit they are for their work.



- Anglo American Chile received the National Prize for Ergonomic Applications in the Mining Industry awarded by Sociedad Chilena de Ergonomía (Chilean Ergonomics Society).
- Anglo American Chile also received the prize for the Respiratory Protection Programme awarded by 3M and the Mutual de Seguridad.



ENVIRONMENTAL PERFORMANCE

Copper: its chemical symbol is Cu, its density is 8.94 ton / m³ and its melting point is 1,083°C.



The rational use of water, the search for opportunities to increase the efficiency of power consumption, the reduction of emissions and protection of the biodiversity are some of the issues that Anglo American Chile has focused on.

The organisation's commitment to environmental protection not only implies complying with current environmental legislation and regulations but also identifying impacts and continually monitoring the environmental processes and variables.

Environmental Impact Assessment System Initiatives

Anglo American Chile recognises the impact that its operations may cause and it is therefore permanently seeking ways of mitigating the adverse effects on the environment and the community.

The table below shows the five projects that entered the Environmental Impact Assessment System (SEIA) from 2003 to 2004 and one that was submitted in 2002 but whose approval was granted in 2003. All the studies were approved satisfactorily by the competent authority.



Projects Submitted to the SEIA

Project/Division	Form of Entry	Investment (US\$ millions)	Entry Date	Resolution
Old Tailings Leaching/El Soldado	DIA ¹	US\$ 8.0	August 20, 2002	Res. 8/03 Region V COREMA ²
West Dump/Mantos Blancos	DIA	US\$57.6	April 2003	Res. 109/03 Region II COREMA
Donoso Waste Dump/Los Bronces	DIA	US\$ 3.9	December 2, 2003	Res. 29/04 D.E. CONAMA ³
Paloma Sulfatos Exploration/Los Bronces	DIA	US\$ 0.7	November 12, 2003	Res. 113/04 M.R. ⁴ COREMA
Chagres Optimisation Project Update	DIA	US\$ 34.0	June 21, 2004	Res. 177/04 Region V COREMA
El Torito Tailings Dam Expansion/El Soldado	EIA ⁵	US\$ 35.0	November 14, 2003	Res. 163/04 Region V COREMA

- 1 Environmental Impact Statement.
 2 Regional Environmental Commission.
 3 National Environmental Commission.
 4 Metropolitan Region.
 5 Environmental Impact Study.



Raw Materials

In the case of the copper production process, the raw material is the rock extracted from the open-pit and underground mines that contain the metal in the form of sulphide or oxide ore. In the case of the smelter, its raw material is copper concentrate. In both cases, power and water are also important supplies, however their consumption is reported on in other chapters due to their importance and following the GRI guidelines.

The raw material consumption, expressed as material extracted from the mines, was 174 million tonnes in 2004, 1% more than in 2003. This increase was accompanied by a 6.5% increase in the fine copper in products, and therefore the raw material consumption rate per tonne of product dropped by 5% compared with 2003.

Power

Power consumption is particularly important in Anglo American Chile's operations due to its effect on the direct and indirect emission of greenhouse gases. The company has set a goal of reducing the power consumption rate by 10% in 5 years and by 15% in 10 years compared with 2003.

The power consumed by operations comes from two sources: fossil fuels and electric power. The consumption of aeolian, solar, biomass power and other sources is immaterial up to now.

The total power consumption (of fossil fuels and electricity) of the 5 divisions was 9.2 million GJ in 2004, 1.5% less than the previous year. The unit consumption per copper produced had a 9.5% decrease versus the previous year.

Total Power Consumption

	Total Power [GJ*]	Unit Consumption [GJ / Tonne Cu] ⁽¹⁾
2004	9,17 x 10 ⁶	19,7
2003	9,31 x 10 ⁶	21,7

(1) Fine copper in cathodes, concentrates to third parties, anodes and blister
* Gigajoules



This global indicator considers plant and equipment operating efficiency factors as well as variables that are beyond the control of operators, like ore grades, rock hardness, topography, etc. A breakdown of the power consumption by the main processes (mines, flotation and leaching plants and smelter) illustrates the contribution of these processes to improving power efficiency.

Fuel Used

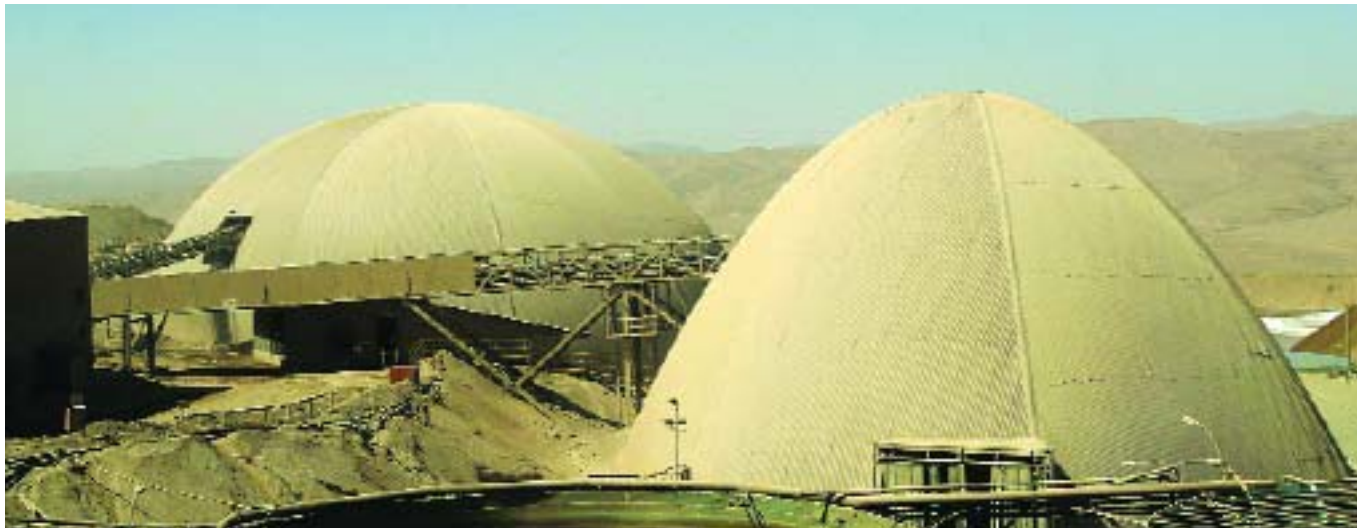
	Fuel Power [GJ]	Unit Consumption	
		[GJ / Tonne MMM*]	% variance
2004	3,3 x 10 ⁶	0,019	-17,4 %
2003	4,0 x 10 ⁶	0,023	

* MMM: Material Moved at the Mines

Electric Power Used

	Electric Power [GJ]	Unit Consumption	
		[GJ / Tonne MPP*]	% variance
2004	5,31 x 10 ⁶	0,117	-1,7 %
2003	5,31 x 10 ⁶	0,119	

* MPP: Material Processed at the Plants



With regard to Chagres Smelter, the total power consumption (electricity and fuel) dropped slightly, but there was an increase in the unit consumption. This was mainly due to a decrease in the sulphur content of the concentrate feed to the Flash furnace.

Power* Used

	Power [GJ]	Unit Consumption	
		[GJ / Tonne F Conc.**]	% variance
2004	1.11 x 10 ⁶	2.14	+0.9 %
2003	1.12 x 10 ⁶	2.12	

* electricity + fuels

** F Conc: Concentrate Smelted

However, in terms of the copper produced, there was a 6.8% drop in the power consumption rate.

Power* Used

	Power [GJ]	Unit Consumption	
		[GJ / Tonne Cu**]	% variance
2004	1.11 x 10 ⁶	6.70	-6.8 %
2003	1.12 x 10 ⁶	7.19	

* electricity + fuels

** Cu: Copper Produced

In summary, Anglo American Chile's operations generally had a better power consumption efficiency in 2004 compared with 2003. The challenge is to maintain this trend in the next few years and sustain achievement of the targets over time.

Water Consumption and Discharge

Water is a scarce resource and in growing demand by different users. Its availability, management and consumption therefore receives special attention in the company's operations. With regard to fresh water, the goal has been established to reduce its consumption by 10% per production unit in 5 years and by 15% in 10 years compared with 2003.

The total consumption of fresh water (excluding recirculation water) in the primary activities of the 5 divisions in 2004 increased by 3.2% compared with 2003. However the consumption rate (per copper produced) dropped by 4.8%.

Fresh Water Consumption

	Total Fresh Water	Unit Consumption	
	Consumption [m³]	[m³ / Tonne Cu*]	% variance
2004	33.8 x 10 ⁶	72.7	-4.8 %
2003	32.7 x 10 ⁶	76.4	

*Cu: Copper produced

The recirculation of water in the processes is an effective way of controlling the fresh water consumption. The proportion of water recirculated in the flotation plants increased from 65% to 67% in 2004.

The operations have 7 point discharges into surface water courses that qualify as a liquid waste emission source from an industrial premise pursuant to Supreme Decree N°90 of 2000 (DS90/00) and were declared as such to the Superintendency of Sanitary Services (SISS). 1.5 million m³ of water were discharged in 2004. The main discharge, accounting for over 80% of the total, was the purge of the cooling system water at Chagres Smelter.

The total volume of water discharged dropped by 40% versus the previous year due to improvements made to eliminate losses of tailings water used for irrigation. Other initiatives to reduce discharges are scheduled for 2005.

Water Discharges

	2004	2003
Total water discharged [Mm³]	1.5	2.5
Variance on previous year	-40%	

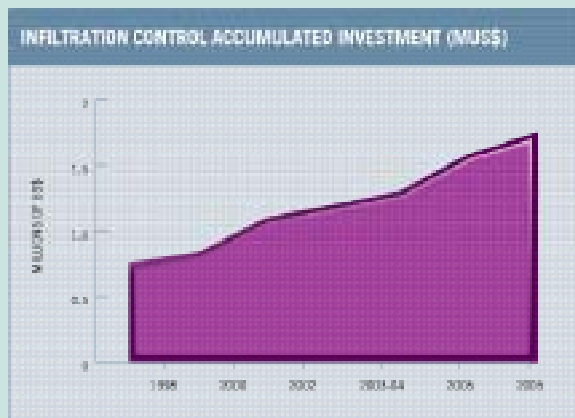


Commitment to Reduce Infiltration into Underground Water

The Las Tórtolas tailings dam started up in 1992. From the outset the design envisaged underground water contamination control and the elimination of discharges into surface water, incorporating enough capacity to contain its maximum foreseeable level.

To prevent infiltrations an array of seven underground water wells were built across the toe of the dam. These wells were reconditioned in the 1996-97 period and six additional wells were installed. 2 further large wells were drilled in 2004 reaching a total of 15 with an accumulated investment of US\$1.3 million. With these latest wells, the infiltration volume captured increased two fold. An evaluation of the performance of the cut-off array will be made in 2005 to determine whether further improvements are required.

As a complementary measure there is a system in place to monitor the underground water quality in the surroundings of the dam that start with a well located at the foot of the dam on the property and with 12 agricultural wells on neighbouring lands.



Emissions

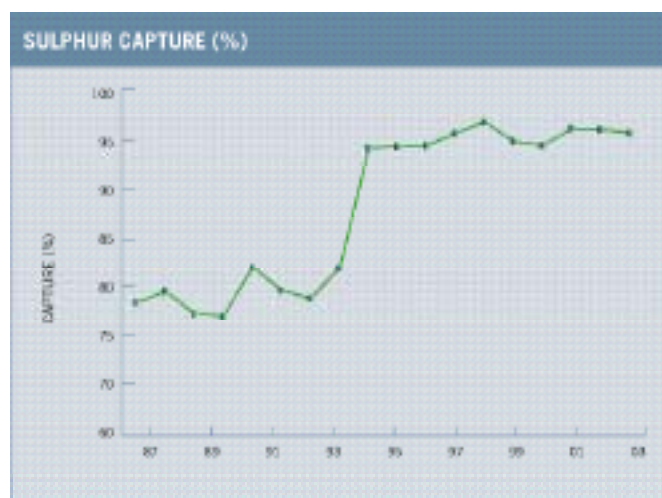
The emission of atmospheric contaminants is regulated by Chilean standards covering SO₂, PM-10, NO_x, CO, O₃, arsenic and lead. The limits are laid down for these parameters, except arsenic, as maximum environmental concentrations and are controlled in air quality monitoring networks in the area of influence. Arsenic, however, is regulated by emission limits for specific sources such as smelters (DS 165/98).

Particulate matter (PM-10) is the main emission from mining operations. This is mainly produced by blasting, movement of rock and the permanent circulation of trucks and other vehicles on unpaved roads. The regulation (DS59/98) for particulate matter (PM-10) establishes a limit of 150 µg/m³N as concentration in 24 hrs and 50 µg/m³N as a 3-year rolling average. In both cases the concentration is measured at monitoring stations with population representativeness (EMRP).

There are control measures in the mining operations to reduce emissions of PM-10, and concentration is measured at monitoring stations established at locations chosen by the authorities. The limits indicated are complied with at all EMRPs.

Chagres Smelter is the most regulated regarding air quality due to its location in an agricultural valley. Its main challenge is to control the emissions of sulphur dioxide (SO₂). Chagres was the first smelter in Chile to install a sulphuric acid plant in 1972 to reduce the SO₂ emissions and is the smelter with the highest percentage of sulphur capture (95%) in Chile.

The arsenic emissions reached 73.1 tonnes in 2004, an 18% drop on the previous year and 23% below the regulation limit of 95 tonnes (DS165/98).



* Supreme Decree N°165 of 1998.

* Supreme Decree N°59 of 1998

Chagres is not regulated with regard to its SO₂ emissions but the concentrations in the environment must comply with both the primary (DS 113/02) and the secondary standards (DS 185/92). This concentration depends on the emission level but is heavily influenced by the weather conditions prevailing during the year.

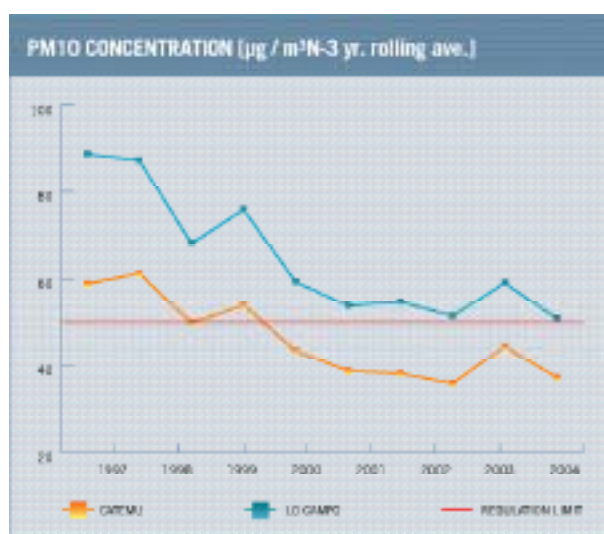
There is a monitoring network with four stations at locations defined by the authority where the environmental concentration of SO₂ is recorded. The results are reported monthly.

The following are the environmental concentrations of SO₂ recorded in the 2002–2004 period:

Environmental Concentration of SO₂ [µg/m³N]

	2004	2003	2002	Regulation Limit	
				Primary	Secondary
SO ₂ – annual	66.7	66.1	71.3	80	80
N° Exceedance Daily Standard	0	0	0	250	365
N° Exceedance Hourly Standard	0	1	0	1962 (1)	1000

(1) Level 1 of "environmental emergency" due to SO₂



The concentration of PM-10 is also measured in the area, which depends on emissions from sources like unpaved roads, agricultural fires and agricultural, livestock and industrial activities, including the Chagres Smelter.

The daily concentration of PM-10 was below the regulation limit. The practical application of the 3-year average standard on PM-10 started in 2004 and the environmental concentration is shown in the enclosed graph. Chagres Smelter has financed studies to identify and quantify the different sources of particulate matter emissions in the area and has at the same time taken measures to reduce its own emissions (estimated to be 10% to 15% of the total), such as replacing fuel oil with natural gas.



Greenhouse Gasses

The total CO₂-equivalent emissions amounted to 790,359 tonnes in 2004. This value includes as a direct emission that produced by physical-chemical reactions in the processes, plus the emission arising from the consumption of fossil fuels. The indirect emission corresponds to that produced by the electric power generation which is acquired from the Central Interconnected Grid (SIC) and the Great North Interconnected Grid (SING).

2004 Greenhouse Gasses Emission [tonnes]

Division	Direct* Emissions	%	Indirect* Emissions	%	Total*	%
Los Bronces	84.620	37	143.239	63	227.859	100
Mantos Blancos	129.513	48	141.821	52	271.334	100
El Soldado	43.197	46	51.183	54	94.379	100
Mantoverde	95.869	73	36.056	27	131.925	100
Chagres	38.694	60	26.166	40	64.861	100
AA Chile Total	391.893	50	398.465	50	790.359	100

Use of Natural Gas at Chagres Smelter

The company makes substantial efforts to seek alternative energy sources and reduce emissions. An example can be found at Chagres Smelter, where in 1998 it started to adjust its equipment to utilise natural gas thus replacing heavy-duty oil and diesel.

That year 20% of the total fossil fuel used at the site was replaced. This quantity was increased to 70% in 2004 and around a 100% replacement is expected in the next few years. This will mean an overall decrease of about 25% in CO₂ emissions.

Waste Management

All the divisions have Waste Management Plans in place. The final disposal of hazardous waste is handled through duly authorised external companies.

The table below shows the volumes of waste generated and the way they were disposed of.

2004 Disposal of Solid Waste According to Category [tonnes]

Division	Hazardous Waste			Non-Hazardous Waste		
	External			External		
	Internal Reused	Recycling	Final Disposal	Internal	Recycling	Final Disposal
Los Bronces	84	496	0	0	1.520.210	448
Mantos Blancos	0	382	267	92	643.043	319
El Soldado	98	229	0	18	2.108.719	710
Mantoverde	0	312	166	12	35.424	274
Chagres	25	0	0	0	1.300.140	0
AA Chile	207	1.419	433	94	5.607.536	1.751

Biodiversity

The company seeks to conserve biodiversity and has issued a guide with corporate principles including the following:

- Proactive biodiversity management.
- Allocate resources and responsibilities for biodiversity management.
- Integrate elements of biodiversity in the business planning.
- Involve interested parties in the development, implementation, monitoring and review of the biodiversity management plans.
- Implement awareness, educational and training programmes.
- Develop action plans which include biodiversity inventories, resources and systems, evaluation and impact of the activities on biodiversity, monitoring programmes and remedial actions, and the incorporation of biodiversity criteria into closure, abandonment and rehabilitation plans.

Following these guidelines, potential projects to conserve the biodiversity in the five divisions were evaluated in 2003. These studies revealed that the operations with the greatest wealth of biodiversity are Los Bronces and El Soldado. Part of their land is located in areas classified by the National Environmental Commission (CONAMA) as priority sites for the conservation of biodiversity. Mantos Blancos and Mantoverde are not in material conservation areas and Chagres is located in an agricultural valley with no native flora and fauna.

Biodiversity management plans were drawn up in 2004, whose objectives are to identify the potential direct impact on the ecosystem, to evaluate the risks and undertake specific actions to maximise the positive impacts and minimise the negative ones.



Los Bronces

The higher sector is an “Andean sclerophyllous thicket” and the highest part is the “high Andean steppe of Santiago.” There are two Nature Sanctuaries in this sector (Yerba Loca and Los Nogales). The mining area is in between both of them, fragmenting the two environments. The concentrate pipeline sector has open thorny forests of carob trees and thorny forest of the mountainous country hawthorn. The area plays a connectivity role for mammals between the Eastern and Western areas (Chacabuco belt), linking the coastal and Andes mountains. The area is the habitat of reptiles and other animals that live in xeric ecosystems.

Opportunities were identified with the Borough Council of Lo Barnechea and the CONAF to carry out activities to increase the knowledge of and contribute to the conservation of the biodiversity in the Yerba Loca Sanctuary.

Forestation initiatives that have already been implemented will continue and new projects will be developed, like the reforestation of Maitenes Bajo.

Identification of areas inside the company's property that are of interest from the standpoint of conservation of the biodiversity will be completed and protection procedures will be implemented. One example of these areas are the wetlands in the El Plomo valley.

El Soldado

This is the N°1 priority for the conservation of the biodiversity of land ecosystems in Region V. It has one of the largest concentrations of Northern Acorn (Belloto del Norte) and a biological area of fauna with endangered species.

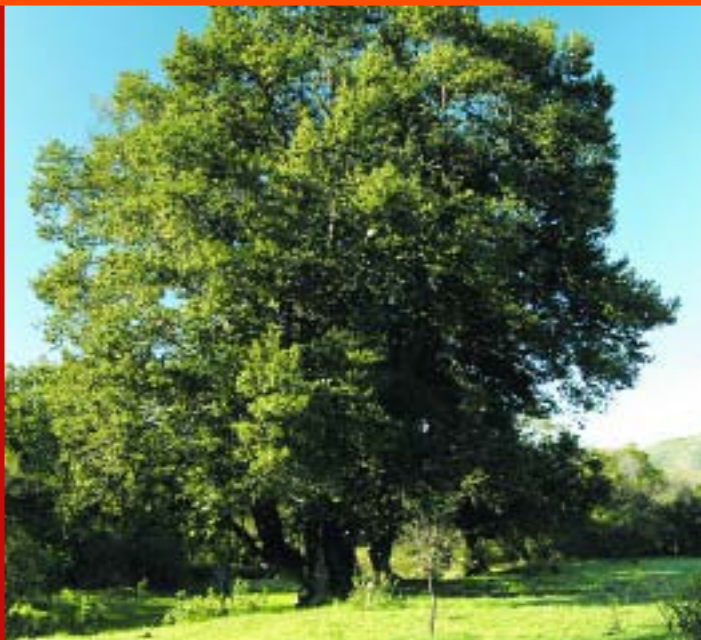
The species in the conservation category are: Northern Acorn (Natural Monument), Guaiacum (endangered), Quito orange tree (rare) and the Puya berteroniana (endangered). There are fewer Northern Lingue, Temo and the Puya chilensis, all in the endangered category.

There are also species of fauna in the conservation category: Culpeo and small foxes (inappropriately known). There is also the Cururo (endangered) and the Lemniscata lizard. The condor and ringdove can be highlighted among the birds.

Investigation of reproduction techniques and forestation plans of the native forest, project to cultivate species that are difficult to reproduce in tree nurseries, like the Quito orange tree and the Guaiacum by means of joint work with the CONAF and the Christa Mock School. This initiative involved reproducing 6,000 Guaiacum and 4,000 Quito orange trees for plantation from 2004 to 2005.

Illegal hunting: initiatives have been implemented to eliminate this on the company's land. Signs have been posted at the possible access to the property and this prohibition was explicitly included in the contract documents with third parties.

A plan to capture and relocate Lemniscata lizards, classified in conservation category, was carried out at Caquicito and the El Sauce waste dump, before the start of works.



Belloto del Norte (Northern Acorn Project)

The El Soldado Division is located in one of the priority sites for the conservation of the biodiversity, according to a study made by the National Environmental Commission (CONAMA). One of the arguments for the authority naming this a priority area is the presence of the Northern Acorn species, which has been declared an endangered species. Based on a study made by the company a couple of years ago, there are around 30,000 trees belonging to this species in Chile, 30% of which grow on the El Soldado mine site.

This has been possible thanks to the care and respect of the environment exhibited by our miners, thereby permitting conservation of the ecosystem and its main components. Anglo American has assumed the conservation issue of this species with pride and great responsibility, and therefore it entered into a long-term agreement with the Foundation for the Recovery and Promotion of the Chilean Palm Tree and Native Forest to implement the programme “Acorns for future generations.”

The objective is to save the endangered Northern Acorn, quintupling the current population, enhancing the natural environment and diversity of the region and promoting within the community the importance of conserving the environment.

Land use and Closure Plans

Land use is one of the aspects considered by Anglo American Chile in its biodiversity protection strategy. The company manages around 67,000 hectares of land for its five divisions. Of this, about 9,000 hectares have been altered to various degrees by mining operation.

Notwithstanding the classification of the land, Anglo American Chile strives for the disturbance caused by its operations to be minimal and avoid unnecessary alteration on the natural conditions of the land. Land use restrictions is also addressed with contractors, who must implement special methodologies to those construction sites located on land that has not been altered by prior activities. In these cases, it is compulsory to protect the flora and fauna by prohibiting hunting and the cutting of vegetation. Moreover, prior written authorisation is required from Anglo American Chile to remove vegetation from places that are essential for the works. Handling is also defined for the removal of debris, construction waste, and the restitution of natural drains before the contract guarantee is returned.

Concerning closure plans, there are provisions for the closure of mine sites amounting to US\$98.1 million, including US\$40 million to complete the removal and relocation of the old tailings dams at Los Bronces, started in 1995.

Environmental Incidents

Anglo American Chile classifies environmental incidents into three categories according to their impact and effect on the environment, considering the physical and biological environment, protected species, level of disturbance of the community, third-party health and property, cultural values and compliance with regulations.

Level 1: Minor impact, short-term effects

Level 2: Moderate impact, mid-term effects

Level 3: Major impact, long-term effects

There were 28 environmental incidents reported in 2004, all Level 1, compared with 42 Level 1 incidents reported in 2003. The table below illustrates the incidents for each division. They are generally minor oil spills due to the bursting of hydraulic hoses on mobile equipment, minor sulphuric acid spills which were contained without reaching water courses, and minor tailings pipeline bursts.

Environmental Incidents Reported (N°)

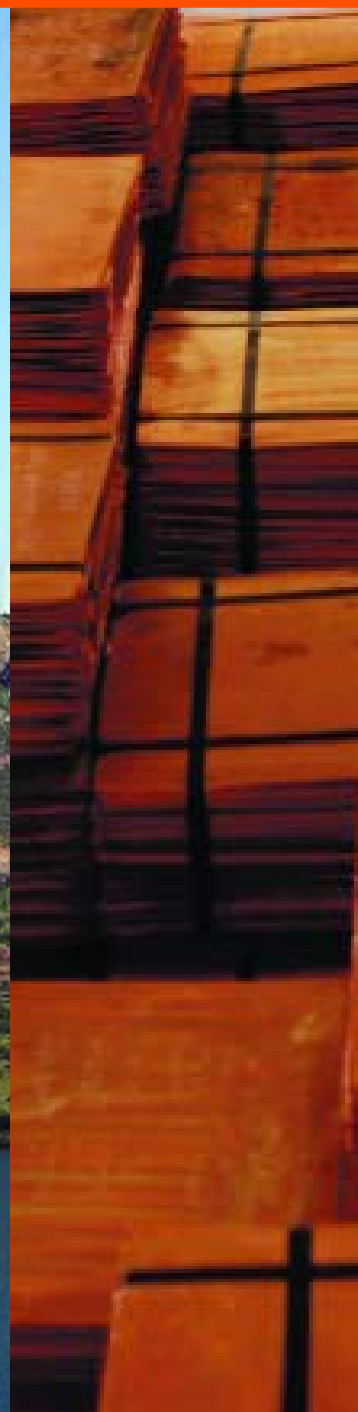
	Los Bronces	Mantos Blancos	El Soldado	Mantoverde	Chagres	Total
2004	6	10	6	5	1	28
2003	7	15	6	11	3	42

The volume of substances spilled in these incidents amounted to 339 m³.

Spills in 2004

	Los Bronces		Mantos Blancos		El Soldado		Mantoverde		Chagres
	N°	Vol* [m ³]	N°	Vol* [m ³]	N°	Vol* [m ³]	N°	Vol* [m ³]	N°Vol* [m ³]
Process Water	-	-	-	-	-	-	-	-	-
Acid / Solutions	-	-	9	334	1	4.5	-	-	1 0.1
Oil / Fuel	-	-	1	0.08	1	0.4	-	-	-
Slurry / Tailings	-	-	-	-	1	2	-	-	-

* Vol: Volume





Fines

The equivalent of US\$2,800 was paid in fines in 2004 due to a suit filed by the National Forestry Corporation (CONAF) in 2002. The situation arose due to the construction of a road affecting 0.6 hectares of forest.

Impacts of the Product

Copper is present in virtually everything around us. It is used as a resistant, durable, recyclable material with high thermal and electric conductivity. This material not only fulfils the important function of an electrical conductor, allowing power to be transported and in turn saved, but also has various advantages for human health, agriculture, communications and medicine.

Furthermore, copper alone contributes to sustainable development, as its recycling offers large opportunities for conserving resources, minimising waste and reducing the use of power. It is estimated that around 80% of all the copper ever extracted is still in use. It is even believed that up to 40% of the annual worldwide demand for copper comes from recycling. These high recycling rates reduce the need of exploiting natural resources to meet the requirements of society.

Environmental Expenditures

Environmental expenditures amounted to US\$9.9 million in 2004, mainly focused on land rehabilitation processes, ISO 14001 certification and environmental monitoring. This was an 8% decrease on the expenditure in 2003. The most significant differences were a lower expense related to spills, environmental incidents and rehabilitation.



Copper is a base metal or one that is used alloyed with others, like silver (copper and silver alloy), tin (bronze) or zinc (brass).



We see social responsibility as being the responsible management of the company's overall effect on society, including its role as an investor and employer. Anglo American has recognised that its business objective is most likely to be realised on a sustainable basis if we proceed with due regard for the interests of other parties.

All our operations are encouraged to formalise their community engagement strategy by preparing a rolling three-year Community Engagement Plan, which enhance the capacities of the communities where it operates. The purpose is to reinforce the engagement with the local communities by means of a commitment based on a long-term vision, which generates relations of mutual benefit and with the greatest multiplying effect from the social standpoint, like education, health, community development and culture.

The company privileges projects that are carried out jointly with community groups and local authorities and above all those in which its employees can have active participation. The community-focused investments amounted to US\$610,000 in 2004 and US\$295,000 in 2003.

Application of the Socioeconomic Assessment Toolbox (SEAT)

One of the most significant community activities undertaken in 2004 was the association with Fundación Casa de la Paz to make an objective and simplified evaluation about the socioeconomic reality of the communities close to the divisions. The methodology used was developed by Anglo American plc, i.e., the Socioeconomic Assessment Toolbox (SEAT). Significant information was gathered by means of interviews to draw up Community Engagement Plans, which will be implemented in all the divisions in 2005.

The objective of this initiative was to improve the economic and social sustainability of the communities near the operations of Anglo American Chile, and in turn establish a basis for long-lasting alliances.

SEAT Synthesis

Division	El Soldado	Los Bronces	Chagres	Mantos Blancos	Mantoverde
Communities considered in the study	Nogales (Collagüe, Los Caleos, Chamizal and Carretón).	Lo Barnechea Corral Quemado (and road to Farellones). Colina (Quilapilún, Esmeralda and Villa Peldehue).	Catemu San Felipe Llay Llay Panquehue	Antofagasta and Sierra Gorda (Baquedano).	Chañaral (Barquitos and El Salado). Diego de Almagro.
Nº of participants	25	25	25	25	25

Catemu Agricultural Farm

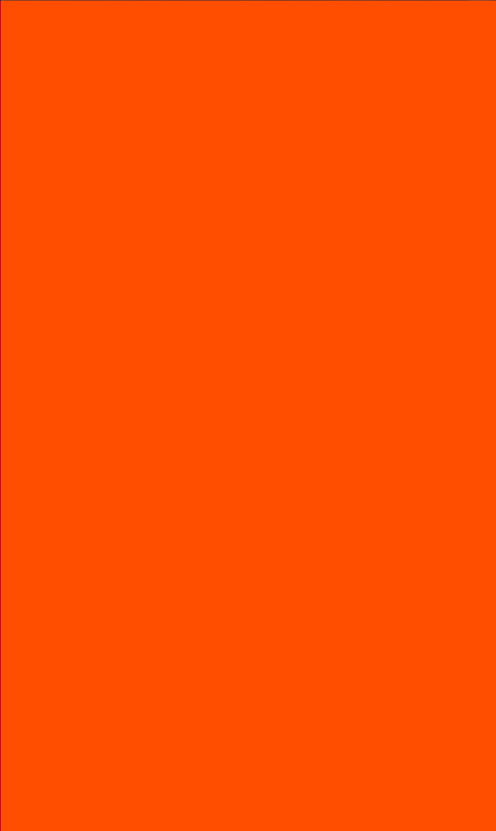
Fundición Chagres started up the Catemu Agricultural Farm programme in 2003, which consisted of creating a centre for the transfer of sustainable techniques and skills for the small agricultural and livestock producers in the district. This initiative was focused on the production of goat's cheese and bee honey.

The Catemu Agricultural Farm, located in the Santa Margarita sector, has a special area for goat and bee producers. Small goat producers were assisted in the first phase, a breeding plan was designed for around 40 male goats of the Boer race to enhance the genetic quality of the livestock population in the district and thereby obtain better goat's milk production. Additionally, a technical program was implemented to improve the farmers productive practices and produced quality goat's cheese. This was marketed in the traditional and non-traditional

distribution channels, for which the "Lomas de Catemu" brand was created. The products can therefore have access to important domestic and international markets.

The programme also included infrastructure improvement activities, environmental health, genetic selection and enhancement, nutrition, technical supervision and marketing. For this, Anglo American Chile entered into a strategic alliance with the Borough Council of Catemu, the Aconcagua University and two specialised consultants.

In the second half of 2004 the project also included work with a group of bee keepers from Catemu to optimise the reproductive and genetic management, productive practices and the marketing of honey and its by-products.



División

Los Bronces

Mantos Blancos

El Soldado

Mantoverde

Chagres

Proyecto	Project objective and achievements
Bus Library Programme	The objective of the programme is to get the needy sectors closer to the Reader Centre. This project entails a bus that picks up the books, magazines and other documents of the Reader Centre.
Improvement of the G-21 Santiago – Farellones – La Parva road	This programme is part of the bicentenary activities and is carried out by the Ministry of Public Works and the Borough Council of Lo Barnechea. The Division made a donation of \$34 million (Chilean pesos) to go towards improving the road and building new stretches to improve the road safety.
Drug Addiction Prevention Programme	This consists of providing biddable funds to schools in the district so as to undertake projects for the early prevention of drug addiction in youngsters.
English Training Programme	This is a teacher training programme to train teachers at the San José school in Lo Barnechea in the English language. The purpose is to also benefit school children with this initiative, providing them with better educational systems.
UCN* Delta Programme in Antofagasta	It is an extracurricular programme that supports bright youngsters. This initiative, backed by the Catholic University of the North and Fundación Andes, benefits 300 youngsters in a 5-year term. They will have access to specialised courses aimed at developing and stimulating intellectual and socio-affective skills.
Apprentices Programme (See page 41)	This programme has been applied in the Mantos Blancos Division for 11 years, with an average headcount of 34 apprentices a year.
Programme to support the Aldeas Infantiles S.O.S.	It consists of support to train independent youngsters, who have left the foster homes, and to their family, and also to the workers at the foster homes in the Second Region. This improves their social integration possibilities and their quality of life.
Programme to refurbish the Felipe Cortés School.	The objective is to improve the educational quality of this school.
Tree Nursery Programme for school children	The objective is to protect the conservation of the Guaiacum (Guayacán) and Quito orange (Naranjillo) trees. The programme consists of an agreement with the Regional Environmental Commission (COREMA) and the Christa Mock Agricultural School of Nogales.
Apprentices Programme (See page 41)	This initiative has been undertaken for 8 years, with an average headcount of 22 apprentices annually.
Gastronomy training for secondary school leavers	A complementary training programme called “Gastronomy and Food Preparation Assistant” was implemented by means of an agreement with the National Training Institute (Inacap). More than 40 youngsters of the third and fourth (final) grades of the Federico Varela school have been trained so as to give them new knowledge and tools that will enable them to have a specific trade, thereby expanding their employment opportunities.
Apprentices Programme (See page 41)	This dual educational initiative is focused on providing technical–professional training to youngsters in apiculture and technological irrigation. This initiative began in 2004 with 24 apprentices due to the achievements attained in the other divisions.
Environmental Education and Improvement Programme of Valle Hermoso	This is a project carried out jointly with Fundación Casa de la Paz and is focused on providing management knowledge and skills to local youngsters and leaders who can contribute to finding solutions for the environmental needs of the Catemu district.

Main Issues Raised by the Community

A direct dialogue was started up with the community using the SEAT. District authorities, neighbour and social leaders, public service officials related to the operation and the beneficiaries of the initiatives undertaken by the divisions were included in this consultation.

One of the main comments mentioned was the company's relationship with the communities; specific environmental aspects and the economic development of the areas surrounding. The interviewees also mentioned the history of the company in the region and the contribution to mining in general.

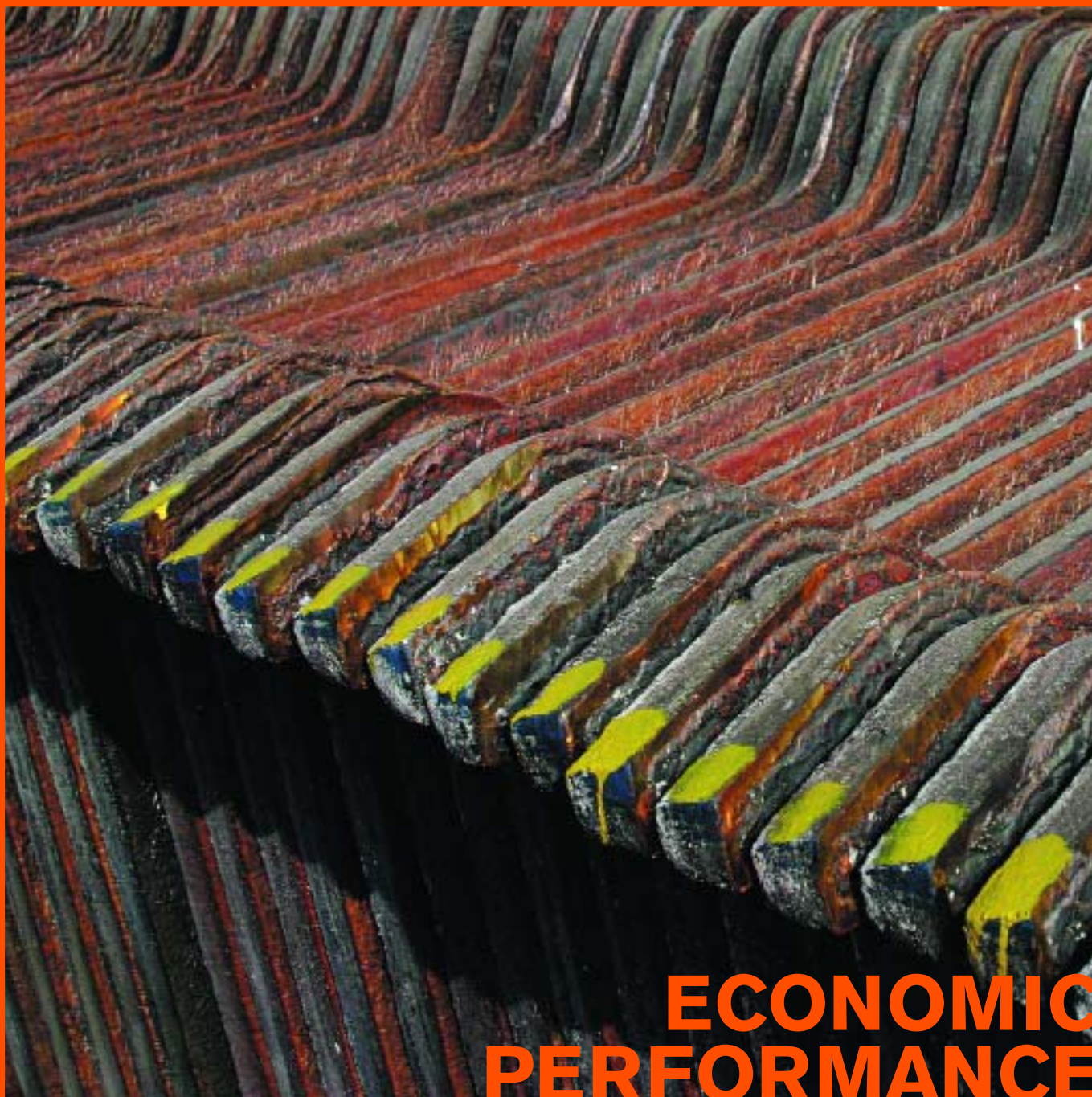


Regina Massai, Executive Director of Casa de la Paz

"SEAT is a structured and systematic tool that allows a quick (simplified) evaluation to be made and to undertake benchmarking, as it operates with defined standards. It can be used as a teaching/learning tool for those becoming familiar with the Business Social Responsibility issue and specifically for work with the community.

In the Chilean case, the application of the SEAT methodology has been a pioneer concept. Although the tools and concepts it involves are widely accepted and known in social and economic sciences, its structure and systematisation applied to improving the company's social performance is original and provides good information to order and focus the company's social investment issue.

We deem that this work is the start of a method to relate and contribute to the communities close to an operation with a more sustainable focus. The effectiveness and prioritisation of the actions arising from this evaluation require a strong commitment, internal reflection and the teamwork of the divisions."



ECONOMIC PERFORMANCE

Around 80% of all the copper ever extracted is still in use. It is estimated that recycling provides up to 40% of the annual worldwide copper demand.

Anglo American Chile had earnings of US\$ 638.4 million in 2004, which was a large increase on the earnings of US\$ 58.4 million in 2003. This increase in earnings was mainly due to the high copper price in international markets, to efficient company cost management and to a higher production of fine copper.

The average unit operating cost (C2) of Anglo American Chile was 61.3 US\$/lb in 2004 compared with the 63.2 US\$/lb in 2003.

This cost reduction was related to the good treatment and refining charge terms and to a total saving of US\$ 82.3 million for continuous improvement attained by greater efficiencies in the productive processes. All this was despite large increases in the prices of fuel, acid, reagents and explosives and other increases in 2004.

Anglo American Chile continued its investment programme amounting to US\$115 million in 2004 compared with the US\$ 99.6 million invested the previous year. These investments were mainly allocated to optimising the production of the different Divisions and to extending their life.

Main Indicators (figures in millions of dollars)

	2004	2003
Sales revenues	1.461.6	821.8
Operating cost	-711.6	-643.3
Operating income	750.0	178.5
Net Income	638.4	58.4
Investments	115	99.6
Operating cost (US\$/lb)	61.3	63.2
Average copper price (US\$/lb)	130.1	80.7
Annual Return (ROCE) %	46%	11%
Average Return in the last 10 years %	12%	

Moreover, all the companies of Anglo American Chile paid income tax on their income in the 2004 period.

Taxes (figures in millions of dollars)

	2004	2003
Empresa Minera Mantos		
Blancos S.A.	35.8	5.9
Minera Sur Andes Ltda.	17.4	-
Anglo American Chile Total	53.2	5.9



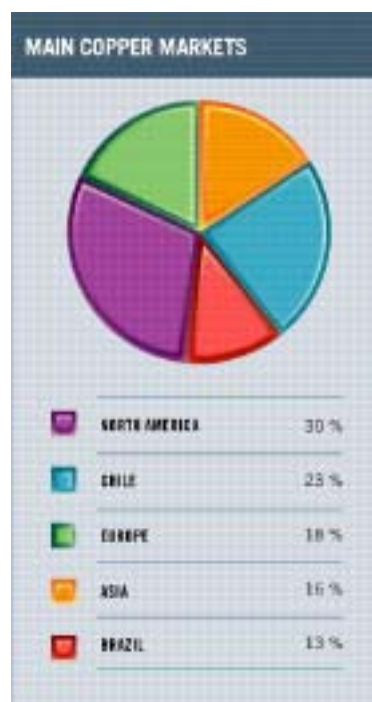
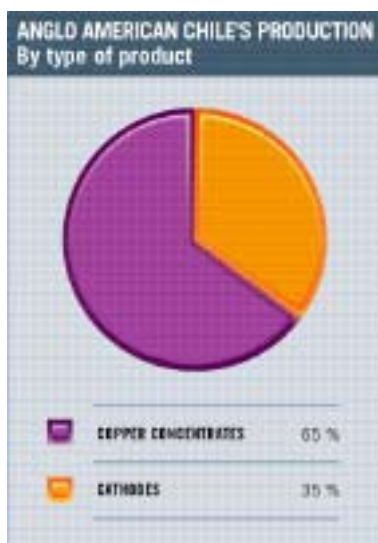
C2: Operating cost including exploitation, sales and administration, depreciation and amortisation cost

Markets and Products

Anglo American Chile has established as one of its goals the building of the most valuable and respected copper businesses in the world and for this is governed by the strict compliance with principles by both the company itself and customers: ethics in the operations, reliability of supply, safety of the operations and high standards of environmental management in the mining industry.

In 2004, the total copper production of Anglo American Chile's four divisions was 455,375 tonnes, which was a 7% increase on the previous year. This additional tonnage was mainly due to the better performance of the Los Bronces and Mantos Blancos Divisions.

Anglo American Chile's main commercial product is copper concentrate, which accounts for total sales of around 300,000 tonnes. Anglo American Chile's main copper markets in 2004 were North America, Chile and Europe. Copper cathode production amounted to 158,114 tonnes and anode production was 165,000 tonnes.



Anglo American Chile's Copper Production [tonnes]		
	2004	2003
Los Bronces	231.554	207.844
Mantos Blancos	94.877	86.895
El Soldado	68.832	70.448
Mantoverde	60.111	60.226
Collahuasi (44%)	211.629	173.680
TOTAL	667.003	599.093

Targets for 2005



The table below shows the company's commitments on all the issues included in this report. These targets were presented to Anglo American plc and will be reviewed annually.

Issue	2005 Target
Environment	
Certifications	To maintain ISO 14001 certification in all the divisions.
To ensure "license to operate"	To obtain sectorial licences for operating permits.
Tailings dam infiltrations.	To carry out the plans to continue decreasing tailings dam infiltrations.
Alternatives/productive uses for tailings water	To develop the pilot project for the use of tailings water at Las Tórtolas.
Discharges of processed water complying with DS 90	To implement water recirculation systems at Los Bronces and Chagres to eliminate discharges in compliance with DS 90.
Waste Management	To attain full compliance with the approved plans. To review the waste handling procedures to continue to comply with the regulation on new waste management.
Land Use	To define the area to be protected to preserve the biodiversity at El Soldado. Forestation of 15.5 hectares with native species.
Atmospheric emissions at Chagres	To implement the improvements envisaged in the Optimisation Project.
Power consumption	To maintain endeavours to decrease the power consumption by 10% in 5 years. To draw up specific plans.
Water consumption	To maintain endeavours to decrease the water consumption by 10% in 5 years. To complete the recirculation project.
Implementation of key biodiversity action plans	To reproduce a further 20,000 acorns from seeds. Implementation of the Los Bronces Yerba Loca project.
Plant Closure	To reclaim the emergency ponds of El Soldado's old concentrator. Detailed Mantos Blancos closure plan.
Safety	
	Zero fatal accidents
	Zero lost-time accidents
	90% or beyond compliance with the Golden Rules
	95% compliance with the Visible Leadership Programme, including contractors.
	Adoption of the Behaviour Based Safety Programme.
	To attain the OHSAS 18001 certification in the central zone divisions.
	To carry out the Fitness for Work Programme at all 5 divisions.
Occupational Health	Full compliance with the Anglo American plc guidelines on occupational health and industrial hygiene, including contractors.
Social Development	
Community Engagement Plans	Update the plans based on the SEAT results.



Appendix

Legal System and Ownership

Minera Sur Andes Limitada, former Compañía Minera Disputada de Las Condes Ltda., was established as a stock company by means of a public deed issued by the Santiago Notary of Mr. Eulogio Altamirano, on September 6, 1916. Its folio excerpt was registered in the Commerce Registry of the Real Estate Registrar of Santiago the same year. After its transformation into a limited company pursuant to a public deed issued by the Santiago Notary of Mr. Jaime Morandé Orrego on November 2, 1988, it changed its company name to the current one by a public deed issued by the same Notary on October 10, 2003.

Its current and only partners are Inversiones Anglo American Sur Limitada with 99.9% of the capital stock and Anglo American Sur S.A. with the remaining 0.1%, and both are subsidiaries of Anglo American plc.

For its part, Empresa Minera de Mantos Blancos S. A. was established as a stock company pursuant to a public deed dated October 19, 1955, issued by the Santiago Notary of Mr. Jaime García Palazuelos and its folio excerpt was registered in the Santiago Commerce Registry the same year. Its capital stock is divided into 157,847,925 registered non-par value shares of a single series, of which approximately 99.98% belong to the subsidiary companies of Anglo American plc, called Inversiones Anglo American Sur Limitada, Minorco Inversud S.A., and Inversiones Minorco Chile Limitada. It operates the productive divisions of Mantos Blancos and Mantoverde.

So as to take advantage of the synergies arising from the work of the two copper producing companies with similar products and especially with human resources that could work in one company or the other, it was decided to form Anglo American Chile Limitada, pursuant to a public deed dated March 14, 2003, issued by the Santiago Notary of Mr. Rubio, whose excerpt is registered in the Santiago Commerce Registry of the same year.

Subsidiaries, Affiliates and Related Companies

Empresa Minera de Mantos Blancos S.A. has a stake in the following companies:

- a) Minera Anglo American Chile Limitada, engaged in mining exploration and exploitation, the purchase and sale of mining claims. 57.22% share of the capital stock.
- b) Minera Santa Rosa SCM, engaged in the exploration, development and exploitation of mining concessions. 25.12% share of the capital stock.
- c) Anglo American Chile Limitada, engaged in the rendering of administration, planning and consultancy services in various areas. 30% share of the capital stock.
- d) Compañía Minera Anglo Cominco Limitada, engaged in mining exploration and exploitation. Mantos Blancos has an indirect share of this company with its stake in Minera Anglo American Chile Limitada, and the latter company owns 50% of the capital stock of Compañía Minera Anglo Cominco Limitada.

Minera Sur Andes Limitada has a stake in the following companies:

- a) Anglo American Chile Limitada, engaged in the rendering of administration, planning and consultancy services in various areas. 70% share of the capital stock.

Corporate governance of related companies

Empresa Minera de Mantos Blancos S. A. has a board made up of three incumbent directors and three alternate directors. There is also a General Manager appointed by the company board, and Pieter Louw holds this position.

Incumbent Directors	Alternate Directors
John Dyer	Gastón Véliz
Eduardo Muñoz	Jaime Ugarte
Luis Bezanilla	Carlos Soruco

The administration of Minera Sur Andes Limitada and the use of its company name are exercised by the partner Inversiones Anglo American Sur Limitada by the people especially appointed to such effect in a public deed.

Global Reporting Initiative Index

Vision and Strategy

GRI Indicator	Report Section	Page
1.1. Vision and strategy	Message from our CEO Our commitment to sustainable development	4 9
1.2. CEO Statement	Message from our CEO	4

Profile

GRI Indicator	Report Section	Page
2.1. Name of reporting organisation.	Anglo American Chile Company Profile	6 12
2.2. Major products and/or services, including brands if appropriate.	Company Profile Markets and products	12 75
2.3. Operational structure of the organisation	Our commitment to sustainable development Senior management Corporate Governance Appendix	9 20 19 79
2.4. Description of major divisions, operating companies, subsidiaries, and joint ventures.	Appendix	79
2.5. Countries in which the organisation's operations are located.	Company Profile	12
2.6. Nature of ownership; legal form.	Appendix	79
2.7. Nature of markets served.	Markets and products	75
2.8. Scale of the reporting organisation	Company Profile Labour relationships Markets and products	12 36 75
2.9. List of stakeholders, key attributes of each, and relationship to the reporting organisation.	Relationships with our stakeholders	29
2.10. Contact person(s) for the report, including e-mail and web addresses.	Contact us	7
2.11. Reporting period	Scope	6
2.12. Date of most recent previous report	Scope	6
2.13. Boundaries of report	Message from our CEO Scope	4 6
2.14. Significant changes in size, structure, ownership, or products/services that have occurred since the previous report	Scope Company Profile	6 12
2.15. Basis for reporting on joint ventures, partially owned subsidiaries, leased facilities, outsourced operations, and other situations that can significantly affect comparability from period to period and/or between reporting organisations.		NA

2.16.	Explanation of the nature and effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).		NA
2.17.	Decisions not to apply GRI principles or protocols in the preparation of the report.		NA
2.18.	Criteria/definitions used in any accounting for economic, environmental, and social costs and benefits.	Scope	6
2.19.	Significant changes from previous years in the measurement methods applied to key economic, environmental, and social information.		NA
2.20.	Policies and internal practices to enhance and provide assurance about the accuracy, completeness, and reliability that can be placed on the sustainability report.	Scope	6
2.21.	Policy and current practice with regard to providing independent assurance for the full report.	Scope	6

Structure and Governance

GRI Indicator	Report Section	Page
3.1. Governance structure of the organisation, including major committees under the board of directors that are responsible for setting strategy and for oversight of the organisation.	Senior Management Corporate Governance Appendix	20 19 79
3.2. Percentage of the board of directors that are independent, non-executive directors.	Corporate Governance	19
3.3. Process for determining the expertise board members need to guide the strategic direction of the organisation, including issues related to environmental and social risks and opportunities.		NA
3.4. Board-level processes for overseeing the organisation's identification and management of economic, environmental, and social risks and opportunities.		NA
3.5. Linkage between executive compensation and achievement of the organisation's financial and non-financial goals		NA
3.6. Organisational structure and key individuals responsible for oversight, implementation, and audit of economic, environmental, social, and related policies.	Our Commitment to Sustainable Development Senior Management Diversity and Opportunity	9 20 38
3.7. Mission and values statements, internally developed codes of conduct or principles, and policies relevant to economic, environmental, and social performance and the status of implementation.	Management Policies and Systems Our people	22 35
3.8. Mechanisms for shareholders to provide recommendations or direction to the board of directors.		NA
3.9. Basis for identification and selection of major stakeholders.	Relationships with our stakeholders	29
3.10. Approaches to stakeholder consultation reported in terms of frequency of consultations by type and by stakeholder group.	Application of the Socioeconomic Assessment Toolbox – SEAT	72
3.11. Type of information generated by stakeholder consultations.	Main issues raised by community	72
3.12. Use of information resulting from stakeholder engagements.	Social Performance	68
3.13. Explanation of whether and how the precautionary approach or principle is addressed by the organisation.		NA
3.14. Externally developed, voluntary economic, environmental, and social charters, sets of principles, or other initiatives to which the organisation subscribes or which it endorses.	International Agreements Voluntary National Agreements Voluntary National Agreements	30 32 32

3.15.	Principal memberships in industry and business associations, and/or national/international advocacy organisations.	Membership	32
3.16.	Policies and/or systems for managing upstream and downstream impacts.		NE
3.17.	Reporting organisation's approach to managing indirect economic, environmental, and social impacts resulting from its activities.	Environmental Performance Social Performance Economic Performance	50 68 74
3.18.	Major decisions during the reporting period regarding the location of, or changes in, operations.		NA
3.19.	Programmes and procedures pertaining to economic, environmental, and social performance.	Environmental Performance Social Performance Economic Performance	50 68 74
3.20.	Status of certification pertaining to economic, environmental, and social management systems.	Message from our CEO Management Systems and Policies	4 22

Economic Performance Indicators

GRI Indicator	Report Section	Page
EC1. Net sales	Economic Performance	74
	Markets and Products	75
EC2. Geographic breakdown of markets.	Economic Performance	74
	Markets and Products	75
EC3. Cost of all goods, materials, and services purchased.		NE
EC4. Percentage of contracts that were paid in accordance with agreed terms, excluding agreed penalty arrangements.		NE
EC5. Total payroll and benefits.	Labour Relations	36
EC6. Distributions to providers of capital broken down by interest on debt and borrowings, and dividends on all classes of shares, with any arrears of preferred dividends to be disclosed.		NE
EC7. Increase/decrease in retained earnings at end of period.	Economic Performance Markets and Products	74 75
EC8. Total sum of taxes of all types paid broken down by country.	Economic Performance	74
EC9. Subsidies received.	Economic Performance	74
EC10. Donations to community, civil society, and other groups broken down in terms of cash and in-kind donations per type of group.	Social Performance	68

Social Performance Indicators

GRI Indicator	Report Section	Page
EN1. Total materials use other than water, by type.	Raw materials	52
EN2. Percentage of materials used that are wastes (processed or unprocessed) from sources external to the reporting organisation.		NA
EN3. Direct energy use segmented by primary source.	Power	52
EN4. Indirect energy use.	Power	52
EN17. Initiatives to use renewable energy sources and to increase energy efficiency.	Power	52
EN5. Total water use.	Water consumption and discharge	55
EN6. Location and size of land owned, leased, or managed in biodiversity-rich habitats.	Biodiversity	61
EN23. Total amount of land owned, leased, or managed for production activities or extractive use.	Biodiversity	61
EN25. Impacts of activities and operations on protected and sensitive areas.	Biodiversity	61

EN26. Changes to natural habitats resulting from activities and operations and percentage of habitat protected or restored.	Biodiversity	61
EN27. Objectives, programmes, and targets for protecting and restoring native ecosystems and species in degraded areas.	Biodiversity	61
	Land use and closure plans	64
EN8. Greenhouse gas emissions.	Greenhouse effect gases	60
EN9. Use and emissions of ozone-depleting substances.	Greenhouse effect gases	60
EN10. NOx, SOx, and other significant air emissions by type.	Emissions	58
EN11. Total amount of waste by type and destination.	Waste Management	61
EN12. Significant discharges to water by type.	Water consumption and discharge	55
EN13. Significant spills of chemicals, oils, and fuels in terms of total number and total volume.	Environmental Incidents	64
EN30. Other relevant indirect greenhouse gas emissions.	Emissions	58
	Greenhouse effect gases	60
EN14. Significant environmental impacts of principal products and services.	Impacts of the Product	66
EN15. Percentage of the weight of products sold that is reclaimable at the end of the products' useful life and percentage that is actually reclaimed.	Impacts of the Product	66
EN16. Incidents of and fines for non-compliance with all applicable international declarations/conventions/treaties, and national, sub-national, regional, and local regulations associated with environmental issues.	Fines	66
EN35. Total environmental expenditures by type.	Environmental expenses	66

Social Performance Indicators

GRI Indicator	Report Section	Page
LA1. Breakdown of workforce, where possible, by region/country, status, employment type, and by employment).	Labour Relations	36
LA2. Net employment creation and average turnover segmented by region/country.		NA
LA3. Percentage of employees represented by independent trade union organizations.	Labour Relations	36
LA4. Policy and procedures involving information, consultation, and negotiation with employees over changes in the reporting organisation's operations.	Labour Relations	36
LA5. Practices on recording and notification of occupational accidents and diseases	Safety	44
LA6. Description of formal joint health and safety committees comprising management and worker representatives and proportion of workforce covered by any such committees	Safety	44
LA7. Standard injury, lost day, and absentee rates and number of work-related fatalities.	Safety Indicators	46
LA8. Description of policies or programmes (for the workplace and beyond) on HIV/AIDS.	Occupational Health	48
LA9. Average hours of training per year per employee by category of employee		NA
LA10. Description of equal opportunity policies or programmes, as well as monitoring systems to ensure compliance and results of monitoring.	Diversity and opportunity	38
LA11. Composition of senior management and corporate governance bodies (including the board of directors), including female/male ratio and other indicators of diversity as culturally appropriate.	Diversity and opportunity	38
HR1. Description of policies, guidelines, corporate structure, and procedures to deal with all aspects of human rights relevant to operations, including monitoring mechanisms and results.	Good Labour Practices	38

HR2.	Evidence of consideration of human rights impacts as part of investment and procurement decisions, including selection of suppliers/contractors.	Good Labour Practices	38
HR3.	Description of policies and procedures to evaluate and address human rights performance within the supply chain and contractors, including monitoring systems and results of monitoring.		NA
HR4.	Description of global policy and procedures/programmes preventing all forms of discrimination in operations, including monitoring systems and results of monitoring.	Good Labour Practices Diversity and opportunity	38 38
HR5.	Description of freedom of association policy and extent to which this policy is universally applied independent of local laws, as well as description of procedures/programmes to address this issue.	Labour Relations	36
HR6.	Description of policy excluding child labour	Good Labour Practices	38
HR7.	Description of policy to prevent forced and compulsory labour and extent to which this policy is visibly stated and applied as well as description of procedures/programmes to address this issue, including monitoring systems and results of monitoring.	Good Labour Practices	38
S01.	Description of policies to manage impacts on communities in areas affected by activities. Management Policies and Systems		
S02.	Description of the policy, procedures/management systems, and compliance mechanisms for organisations and employees addressing bribery and corruption.	Management Policies and Systems	22
S03.	Description of policy, procedures/management systems, and compliance mechanisms for managing political lobbying and contributions.	Management Policies and Systems	22
S05.	Amount of money paid to political parties and institutions whose prime function is to fund political parties or their candidates.	Management Policies and Systems	22
S07.	Description of policy, procedures/management systems, and compliance mechanisms for preventing anti-competitive behaviour.	Management Policies and Systems	22
PR1.	Description of policy for preserving customer health and safety.		NA
PR2.	Description of policy, procedures/management systems.		NA
PR3.	Description of policy, procedures/management systems, and compliance mechanisms for consumer privacy.		NA

NA: Not applicable.

NE: Non Existing indicator.

ANGLO AMERICAN CHILE

Av. Pedro de Valdivia 291

Providencia, Santiago

Téléfons (56-2) 230 6000

Fax (56-2) 230 6551