

Report on Remuneration and Related Matters

This report has been prepared in accordance with Schedule 7A of the Companies Act 1985 ("the 1985 Act"). It also meets the relevant requirements of the Listing Rules of the Financial Services Authority and describes how the Board has applied the Principles of Good Governance and Code of Best Practice ("the Combined Code") relating to directors' remuneration.

During the year under review, the Company complied with the detailed code provisions set out in Section B of the Combined Code except as follows:

- as explained on page 69, performance related pay measures did not apply to the Chairman, who was the only Executive Director (provision B.1.1).

The 1985 Act requires the auditors to report to the Company's members on certain parts of this report and to state whether in their opinion those parts have been properly prepared in accordance with the Companies Act 1985. The report has therefore been divided into separate sections for unaudited and audited information.

Unaudited Information

Remuneration Committee

Membership

The membership of the Remuneration Committee during the year was as follows:

Mr. G S Menendez (Chairman);

Mr. C H Bailey; and

Mr. D E Yarur.

Mr. Menendez, Mr. Bailey and Mr. Yarur were considered by the Board to be independent Non-Executive Directors throughout 2006.

Responsibilities

The responsibilities of the Remuneration Committee are fully set out in its Terms of Reference which are available on the Company's website. The Committee is responsible for setting remuneration policy and for reviewing the remuneration of any Executive Directors and, where appropriate, it consults the Chairman, Mr. J-P Luksic. The Remuneration Committee is also responsible for monitoring the level and structure of remuneration of Group senior management and evaluating management performance.

The remuneration of Non-Executive Directors is determined by the Board as a whole. No Director participates in the determination of his own remuneration.

Company policy on Directors' pay and bonuses

The Company's policy is to ensure that Directors are fairly rewarded with regard to responsibilities undertaken, and considers comparable pay levels in the United Kingdom and in Chile. Corporate and individual performance is taken into account in setting the pay level for the Chairman as an Executive Director, and this is reviewed on an annual basis. Remuneration levels for Non-Executive Directors are based on comparable levels for companies of a similar size and complexity, and also take into account specific responsibilities undertaken. Remuneration includes fees paid for non-executive directorships of subsidiary companies within the Group.

The Board does not consider it appropriate to make regular performance-related pay awards such as bonuses to the only Executive Director, Mr. J-P Luksic, given his role as Chairman of the Board and his interest in the Company's shares both directly and as a member of the Luksic family.

The Group has paid Mr. R F Jara for advisory services to the Group. The Board has taken these payments into account in determining his fees as a Non-Executive Director.

No Directors currently receive pension contributions.

Service contracts

Mr. J-P Luksic has a contract for services with the Antofagasta Railway Company plc, and (from 1 January 2007) also with Minera El Tesoro. Both contracts for services can be terminated by either party on one month's notice. There is also a contract between Antofagasta Minerals S.A. and Asesorias Ramon F Jara EIRL for the provision of advisory services by Mr. R F Jara which can also be terminated on one month's notice. The amounts payable under these contracts for services are reviewed periodically in line with the Company's policy on Directors' pay. Amounts paid during 2005 and 2006 have been included in the table of Directors' Remuneration on page 73.

No other Directors have service contracts with the Group and therefore no other notice periods apply.

Share options and long-term incentive schemes

No arrangements exist to enable Directors to acquire benefits through the acquisition of shares in the Company or any of its subsidiary undertakings, to benefit through profit-related pay or share option schemes or to participate in any long-term incentive schemes.

Directors' interests

The Directors' beneficial interests in the shares of the Company at the beginning and end of the year were as follows:

	Ordinary shares of 5p each	
	31 December 2006	1 January 2006
J-P Luksic ⁽¹⁾	41,963,110	–
C H Bailey ⁽²⁾	32,000	10,000

⁽¹⁾ Mr. J-P Luksic's interest relates to shares held by Aureberg Establishment, an entity which he controls. On 15 June 2006, 8,392,622 ordinary shares in the Company were distributed in kind to Aureberg Establishment by Sandypoint Establishment (in which it held a minority interest) as part of a reorganisation of the structure of the Luksic family interests in shares of Antofagasta plc. This reorganisation did not alter the combined overall percentage the Luksic family controls in Antofagasta. The interest of Aureberg Establishment increased to 41,963,110 shares as a result of the 4-for-1 bonus issue by the Company on 19 June 2006.

⁽²⁾ Mr. C H Bailey disposed of 2,000 shares on 5 January 2006, resulting in an interest of 8,000 shares. His interest increased to 40,000 shares as a result of the 4-for-1 bonus issue by the Company on 19 June 2006. A further disposal of 8,000 was made on 19 December 2006, resulting in an interest of 32,000 shares at the year-end.

The Directors had no beneficial or non-beneficial interests in the shares of the Company during the year other than the interests in the table set out above. No Director had any material interest in any other contract with the Company or its subsidiary undertakings during the year other than in the ordinary course of business.

No changes took place in the interests of the Directors between 31 December 2006 and the date of this report.

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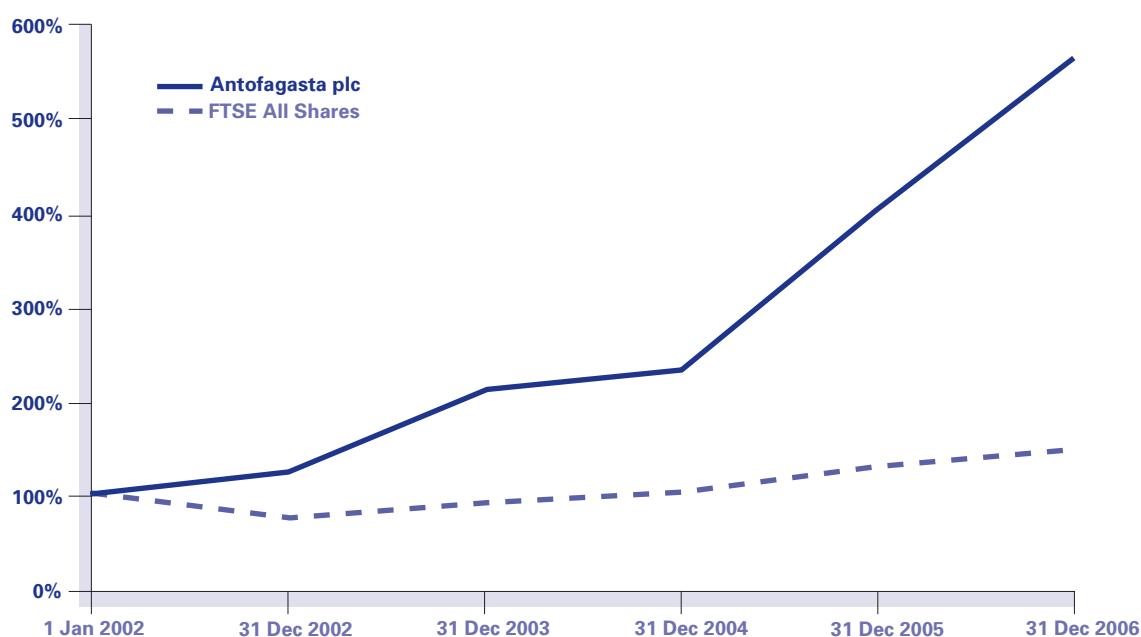
Performance graph

The following graph shows the Company's performance compared to the performance of the FTSE All Share Index over a five-year period, measured by total shareholder return (as defined below). The FTSE All Share Index has been selected as an appropriate benchmark as it is the most broadly based index to which the Company belongs and which relates to the London Stock Exchange, the market where the Company's ordinary shares are traded.

Total shareholder return is calculated to show a theoretical growth in the value of a shareholding over a specified period, assuming that dividends are reinvested to purchase additional shares at the closing price applicable on the ex-dividend date. Total shareholder return for the FTSE All Share Index is calculated by aggregating the returns of all individual constituents of the FTSE at the end of the five-year period.

Total Shareholder Return⁽¹⁾ – Antofagasta plc vs FTSE All Share Index

Total Return Basis Index – 1 January 2002 = 100



Source – Datastream.

⁽¹⁾ Total Shareholder Return represents share price growth plus dividends reinvested over the period.

Audited Information

Directors' remuneration

The remuneration of the Directors in the year is set out below in US dollars. Amounts paid in sterling or Chilean pesos have been translated at average rates for the relevant year, which are set out in Note 33 to the financial statements.

	Base salary and fees		Benefits		Other		Total remuneration	
	2006 US\$000	2005 US\$000	2006 US\$000	2005 US\$000	2006 US\$000	2005 US\$000	2006 US\$000	2005 US\$000
Executive Chairman								
J-P Luksic ⁽¹⁾	1,784	1,215	81	87	–	–	1,865	1,302
Non-Executive Directors								
C H Bailey	95	67	–	–	–	–	95	67
G S Menendez	220	125	–	–	–	–	220	125
P J Adeane ⁽²⁾	50	121	–	16	–	182	50	319
R F Jara ⁽³⁾	536	391	–	–	–	–	536	391
D Yarur	98	65	–	–	–	–	98	65
G A Luksic	83	44	–	–	–	–	83	44
J W Ambrus	107	57	–	–	–	–	107	57
J G Claro	88	45	–	–	–	–	88	45
W M Hayes ⁽⁴⁾	27	–	–	–	–	–	27	–
	3,088	2,130	81	103	–	182	3,169	2,415

⁽¹⁾ During 2006, remuneration of US\$607,000 (2005 – US\$589,000) for the provision of services by Mr. J-P Luksic was paid to Goldstream Finance Limited. This amount is included in the amounts attributable to Mr. Luksic of US\$1,784,000 (2005 – US\$1,215,000).

⁽²⁾ Mr. P J Adeane was Managing Director until 31 March 2005, after which he continued to serve as a Non-Executive Director until he retired from the Board on 29 September 2006. Fees paid during 2005 therefore partly reflected the period for which Mr. Adeane was a Non-Executive Director and partly reflected the period for which he was an Executive Director. During 2005, Mr. Adeane was awarded an ex-gratia payment of US\$182,000; no comparable payment was made in 2006. Fees paid during 2006 reflected the period during which he was a Non-Executive Director until his retirement from the Board. Following retirement, Mr. Adeane has continued to serve the Board as a Senior Advisor under a contract for services at the rate of £10,000 per annum. This contract can be terminated on one month's notice. Mr. Adeane was paid £2,500 (approximately US\$4,600) under this contract for services during 2006, which has not been included in his fees as a Director in the table above.

⁽³⁾ During 2006, remuneration of US\$331,000 (2005 – US\$278,000) for the provision of services by Mr. R F Jara was paid to Asesorias Ramon F Jara EIRL. This amount is included in the amounts attributable to Mr. Jara of US\$536,000 (2005 – US\$391,000).

⁽⁴⁾ Mr. W M Hayes was appointed as a Director on 29 September 2006. Fees paid during 2006 therefore reflect the period for which he has been a Director.

Approved on behalf of the Board



G S Menendez

Chairman of the Remuneration Committee

5 April 2007