

ANTOFAGASTA  PLC

2004 Results Presentation

15 March 2005

Antofagasta plc

Important notice

Statements in this presentation include "forward-looking statements" that express expectations of future events or results. All statements based on future expectations rather than on historical facts are forward-looking statements that involve a number of risks and uncertainties, and the company cannot give assurance that such statements will prove to be correct.

Highlights 2004 (comparatives vs 2003)

- **Commodity prices** Average LME copper price up 61% to 130 c/lb;
Molybdenum price up 206% to US\$16.2/lb
- **Group cash cost** Reduced 33% to 24.3 c/lb (7.9 c/lb at Los Pelambres including by-product credits)
- **Copper production** Increased 6% to 498,400 tonnes, with Los Pelambres up 7% as result of plant upgrade
- **Los Pelambres** 2004 Chilean National Award for Quality
EIA approved in May – reserves increased to 2.1 bn tonnes
Construction of El Mauro tailings dam started
- **Exploration** Esperanza project started pre-feasibility stage
- **Aguas de Antofagasta** Satisfactory first full year of operation
- **Financing** Los Pelambres and El Tesoro project loans refinanced under very favourable market conditions

Financial highlights (1)

	<u>2004</u>	<u>2003</u>	<u>% change</u>
Realised copper price ¹ (c/lb)	139.8	83.9	↑ 67%
Realised moly price ¹ (US\$/lb)	20.0	5.5	↑ 264%
	<u>US\$m</u>	<u>US\$m</u>	
Revenues ²	1,909	978	↑ 95%
EBITDA	1,329	524	↑ 153%
Profit before tax	1,163	357	↑ 226%
Net income (after tax and minorities)	558	181	↑ 209%

(1) Determined by comparing revenues with sales volume

(2) Revenues presented net of Treatment and Refining Charges (TC/RC's) of US\$ 128.4m (US\$ 98.2m in 2003)

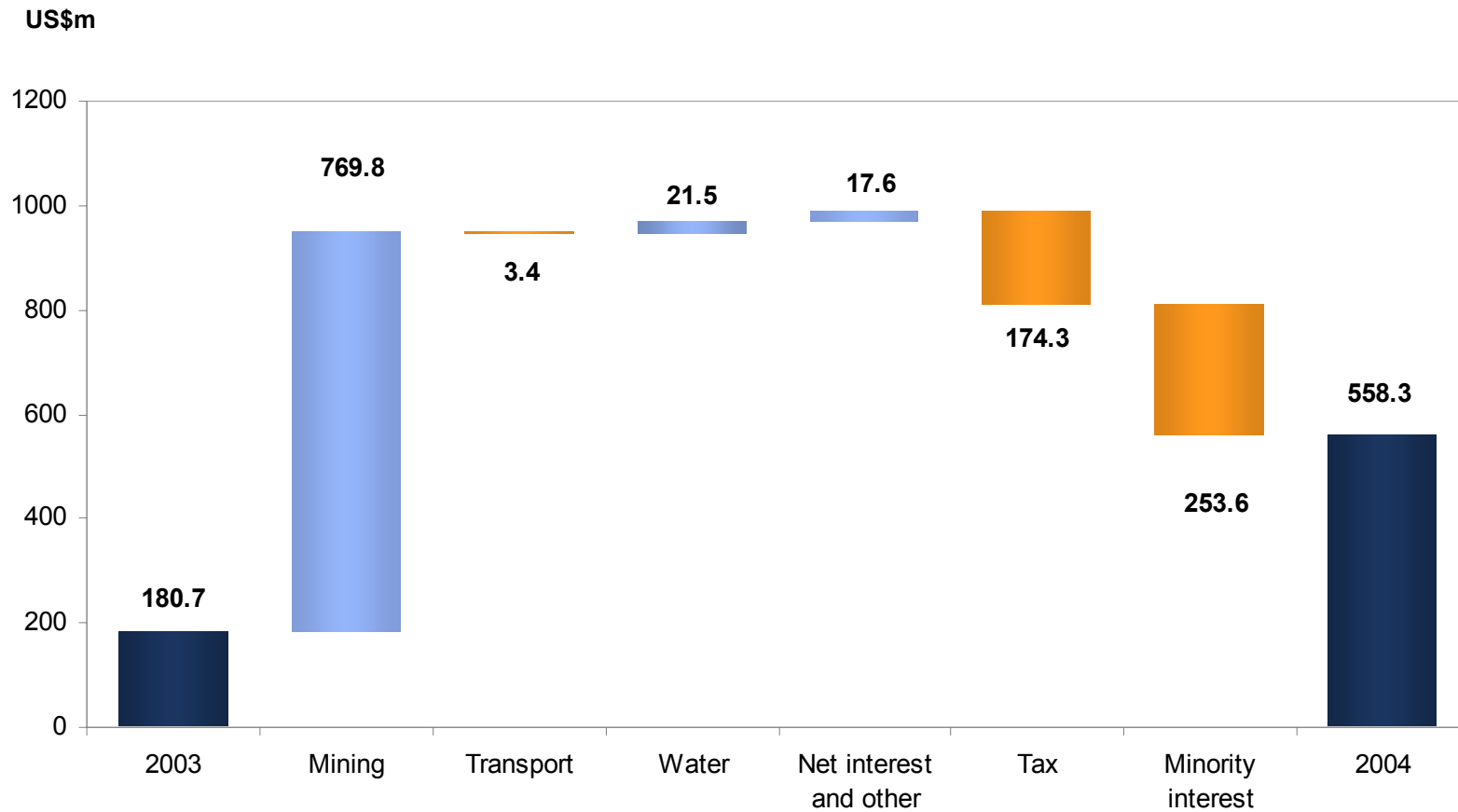
Financial highlights (2)

	<u>2004</u>	<u>2003</u>	<u>% change</u>
	<u>cents</u>	<u>cents</u>	
EPS	283.1	91.5	↑ 209%
Dividends			
Interim	15.0	11.0	
Final	24.0	24.0	
Ordinary	39.0	35.0	↑ 11%
Special	40.0	—	
Total	79.0	35.0	↑ 126%

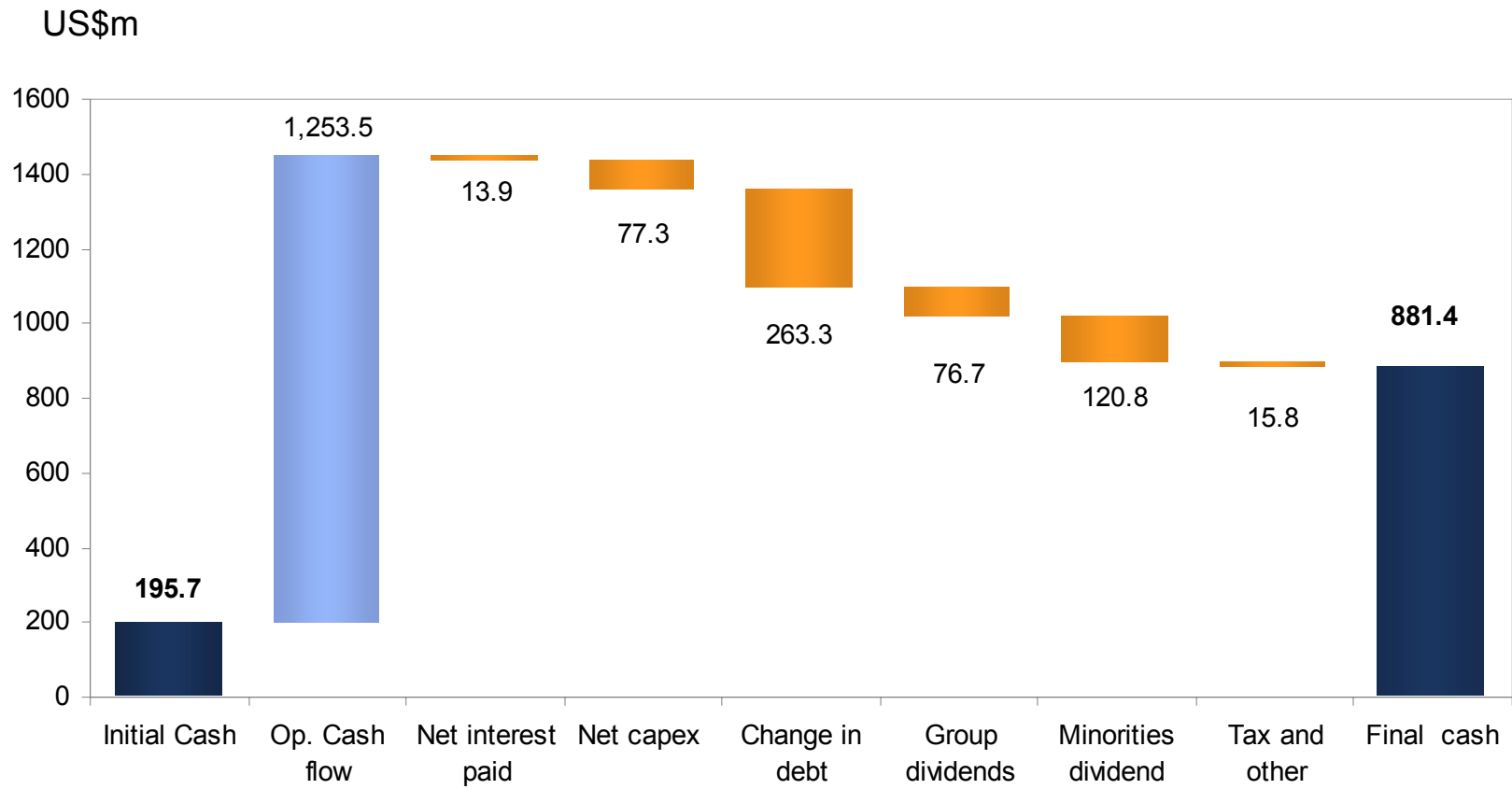
Financial analysis

Profit after tax and minorities

Variations 2004 vs 2003

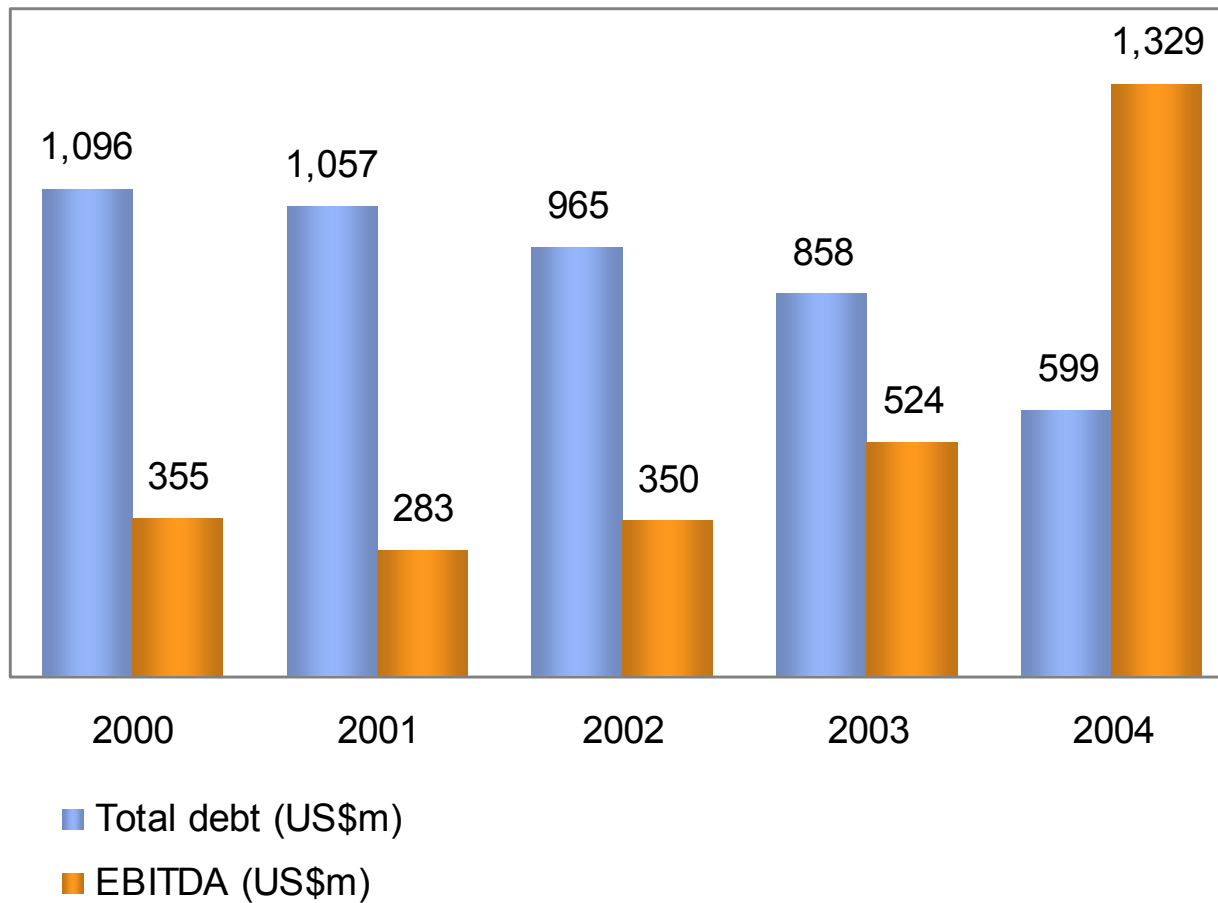


Cash flow 2004



Group debt (US\$ million)

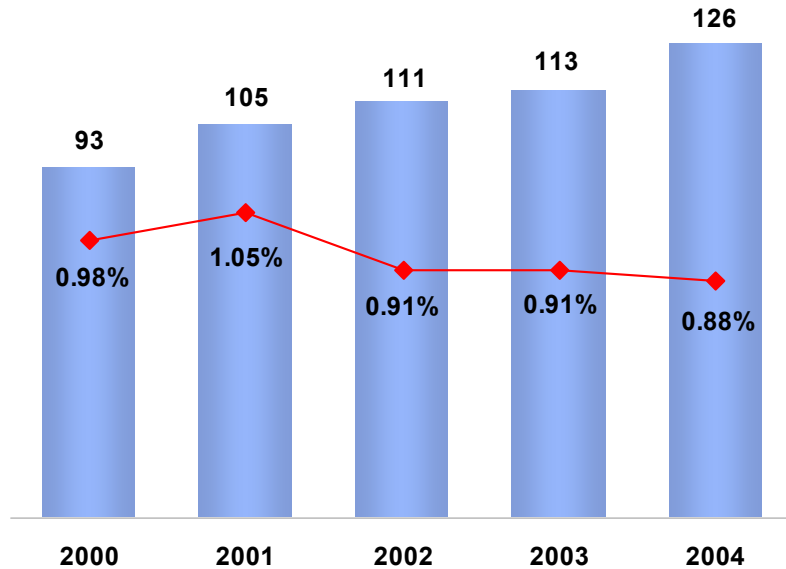
Consolidated debt vs EBITDA 2000-2004



Update and Outlook

2004

Los Pelambres – Operational performance

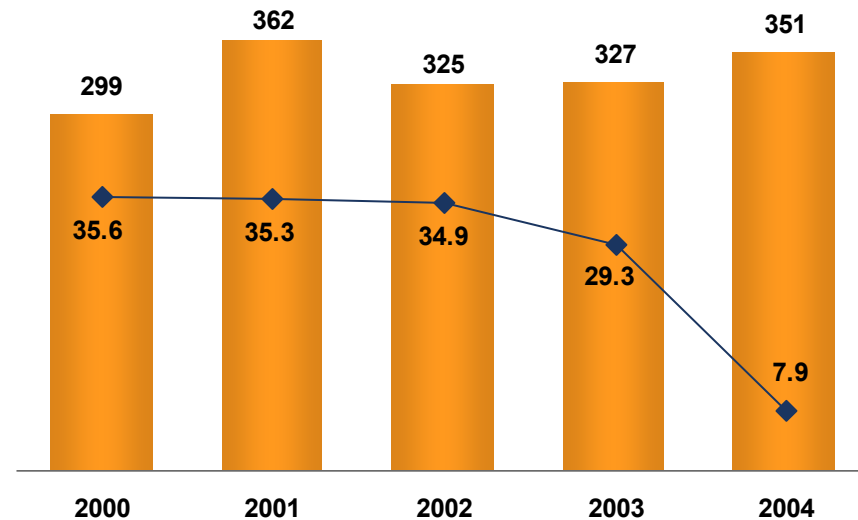


■ Plant throughput (000 tonnes per day)

◆ Copper grade %

- Lowest cash cost of Chilean mines in 2004 and 2003 (by product credit of 45.8 c/lb in 2004)
- Best safety record of the Chilean mining industry in 2004
- 4-year agreements with work force with salary increases linked to productivity

- Plant throughput increased 11% as result of plant upgrade (completed September 2003) and mine plan improvement in 2004
- Copper production increased despite lower grades



■ Copper production (000 tonnes)

◆ Cash cost (c/lb)

Los Pelambres – Financial update

- EBITDA of US\$ 1,048m (up 160% from 2003)

	<u>2004</u>	<u>2003</u>	<u>% change</u>
Copper sales (000 tonnes)	352.2	332.8	↑ 6%
Realised price (c/lb)	142.2	84.6	↑ 68%
Moly sales (000 tonnes)	7.9	8.7	↓ 9%
Realised price (US\$/lb)	20.0	5.5	↑ 264%
Cash cost (c/lb) (including by-product credits)	7.9	29.3	↓ 73%

- Total project debt refinanced in December
 - Unsecured debt structure (from original project finance)
 - Significant improvement in spreads (libor + 0.24%)
 - Outstanding debt reduced to US\$ 460m (0.4 times 2004 EBITDA)

Los Pelambres – Outlook and targets

- **Production and costs 2005**

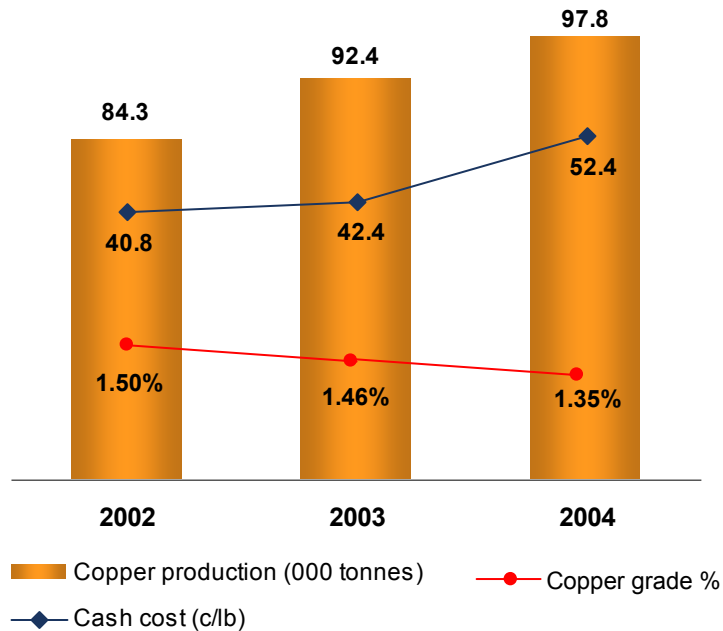
- Copper: 321,000 tonnes (Cu grade of 0.81% vs 0.88% in 2004)
- Moly: 7,200 tonnes

	<u>US\$/lb moly price</u>		
	<u>20/lb</u>	<u>16/lb</u>	<u>12/lb</u>
• Cash Cost (c/lb)	17	26	35

- **Growth plans**

- Potential expansion to 175,000 tpd: engineering studies developed in 2004, after the approval of the Environmental Impact Study (EIA)
- As part of the expansion project, studies for a plant upgrade (up to 140,000 tpd) have been completed. Decision could be taken in 2Q 2005.

El Tesoro – Operational performance



- Plant throughput increased 15% - ore crushing capacity increased to 9.7 million tonnes per year (from 9 million tonnes per year)
- Copper production increased 6%, and metallurgical recoveries maintained at 78%, despite lower grades
- Cash costs affected by:
 - Increase in material moved ↑ 5.3 c/lb
 - Acid prices and volumes ↑ 2.7 c/lb
 - Stronger Chilean peso ↑ 2.0 c/lb

Financial update

- EBITDA of US\$ 180.2m (129% above 2003)

	<u>2004</u>	<u>2003</u>	
Sales volume (000 tonnes)	98.3	92.0	↑ 7%
Realised price (c/lb)	136.9	82.5	↑ 66%
Cash cost (c/lb)	52.4	42.4	↑ 24%

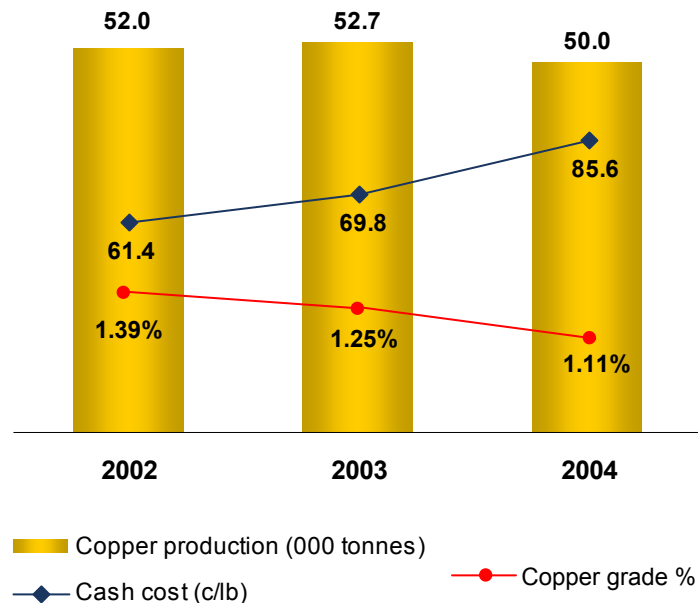
- Bank debt totally refinanced in December
 - Unsecured debt structure (from previous project finance)
 - Spreads improved (libor + 0.425%)
 - Debt amount reduced to US\$ 100m¹, 0.6 times EBITDA 2004

1) Including a further prepayment of US\$ 12m in January 2005

Outlook and targets 2005

- Production target maintained at 97,000 tonnes
- Cash costs expected to increase to 61 c/lb
 - Increase in mine movement ↑ 4.0 c/lb
 - Sulphuric acid price ↑ 0.7 c/lb
 - Stronger Chilean peso+inflation ↑ 1.6 c/lb
 - Other ↑ 2.2 c/lb
- US\$ 7.6m investment in 2005 for a further optimisation of the plant to 10.5 million tonnes per year.

Michilla – 2004 review



- Lower copper production caused by:
 - 11% reduction in grades
 - Operational difficulties in H1
 - Partial offset achieved by 3% increase in throughput and improved metallurgical recoveries

- Cash costs affected by c/lb
 - Lower grades ↑ 3.8
 - Stronger Chilean peso ↑ 4.2
 - Acid price ↑ 2.7
 - Other ↑ 5.2

- EBITDA increased over 3 times to US\$ 49m

- Low debt levels maintained (US\$ 2.1m)

Michilla – Outlook and targets

- 2005: 53,000 tonnes at 89 c/lb cash cost
- Higher operating costs caused mainly by higher stripping ratio and sulphuric acid price
- US\$ 10m exploration programme initiated, with satisfactory first results.
Key targets are:
 - Increase underground sulphide reserves
 - Improve operating costs
- Optimise the application of the cuprochlor process to improve recoveries (sulphides currently contributing 40% of the total copper production)



- US\$ 15m to complete pre-feasibility
 - 2.25 km exploration decline initiated, to obtain metallurgical and geotechnical bulk samples
 - 40,000 metres infill drilling campaign initiated, three drill rigs on site
 - Engineering studies including mine plan and environmental, plant and tailings design will be completed by second half of 2006
- Drill inferred resource:
 - Esperanza: 469 Mt, 0.63% copper+0.26 g/t gold (0.75% equiv. copper)
 - Telégrafo: 898 Mt, 0.45% copper+0.17 g/t gold (0.57% equiv. copper)

Exploration in Chile

2004 review and outlook



2004

- 30,500 metre drilling programme completed in Conchi-Brujulinas, with satisfactory results
- Drill inferred resource
 - Brujulinas: 70 Mt, 0.56% (leachable)
 - Conchi: 589 Mt, 0.58% (sulphides) + 63 Mt, 0.41% (leachable)
- 14,000 metre drilling campaign developed in the Polo Sur properties, near El Tesoro

2005

- Extensive “target-generation” programme in Chile and Latin America
- Focus in copper and copper-gold porphyry deposits
- US\$ 3.5 million budget

Exploration in Peru

Peru



Cordillera de las Minas

- 50-50 exploration joint venture with CVRD
- 3-year timeframe (since August 2002)
- Target area of 60,000 sq kms
- Interesting results in Antilla target - additional drilling will be carried out in 2005

Railway and other transport

- Rail tonnages increased 2%, reaching 4.5 million tons
- Total revenues of US\$ 85.7 million*.
- EBITDA of US\$ 41.8 million
- Growth prospects
 - Escondida sulphide leach project
 - Spence
 - San Cristóbal project in Bolivia



* Represents third party revenues, stated after eliminating sales to Antofagasta's mining division of US\$ 6.9m. (2003 – US\$ 5.2m)



- Satisfactory first year of operation:
 - Revenues of US\$ 44.9 million
 - EBITDA of US\$ 30.1 million
 - 5% growth in water volumes to 32.6 million m³ (12% unregulated)
 - Optimisation programmes
 - Cost improvements
 - Reduction of water losses
- Growth prospects
 - Spence: piping system connected by year end, with water supply for the operation starting in July 2006. In addition, water will be provided for the construction period.
 - Collahuasi expansion: Detailed engineering studies underway. Option agreement until 2008.

Market outlook

Market Overview

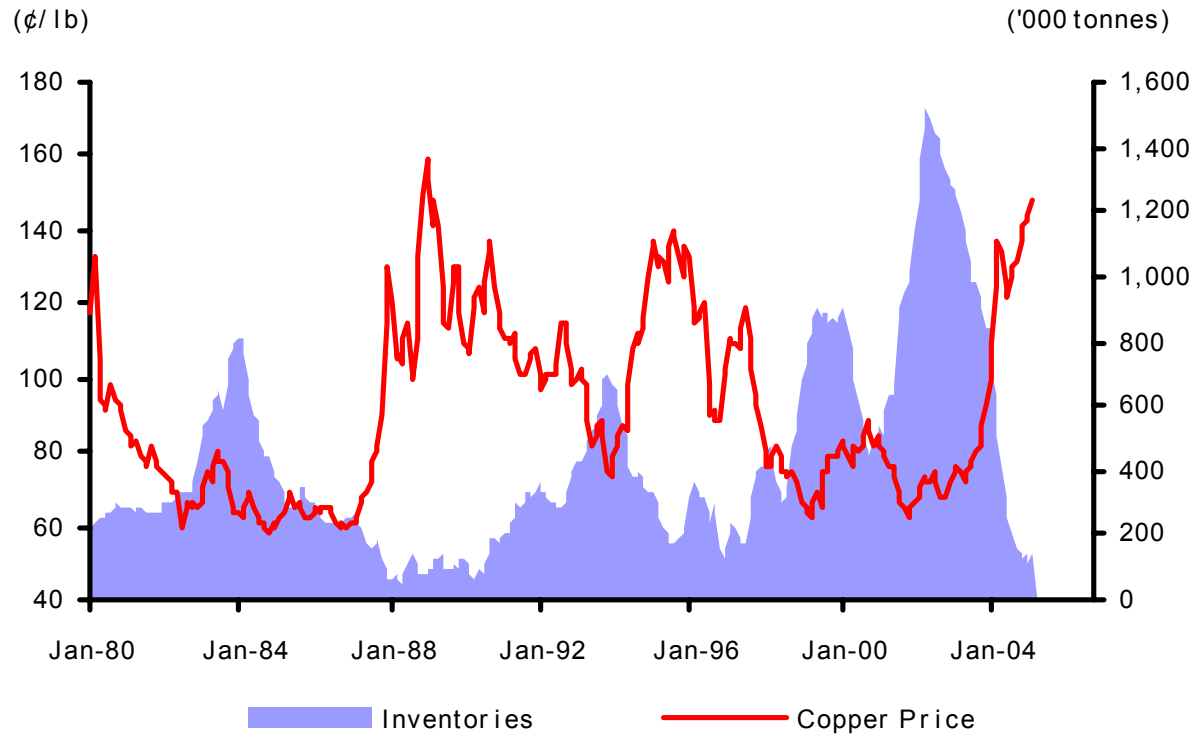
- Strong fundamentals for copper although production is increasing
 - Overall inventories of refined copper remain very low
 - Growth in copper consumption remains strong but slowing down (from a very high base)
 - Constraint in supply is shifting from mining to smelting
 - Refined copper deficit could turn into balance during 2H-05
 - Prices consolidate after 2003/2004 surge
 - Positive outlook for copper prices: analyst consensus of 127 c/lb for 2005 and 110 c/lb for 2006
- Positive fundamentals for cathode market in the short term
 - Limitations in smelter capacity utilisation
 - Seasonal strong demand during the second quarter

Market Overview

- Smelting and refining costs (TC/RCs) are increasing
 - Market annual terms have doubled from 2004 to 2005.
 - Spot terms are at historical high levels
- Molybdenum market will remain strong since production not able to match the increase in demand

Copper Market Overview

- Inventories



- Visible inventories at around 130,000 tonnes (3 days consumption)
- Total inventories also at very low level (only 3 weeks consumption)

Copper Market Overview

- Consumption - growth remains strong but slowing down

	<u>2004A</u>	<u>2005E</u>	<u>2006E</u>
Global	8.5%	3.5%	2.9%
China	16.3%	9.2%	7.7%
US	9.6%	1.1%	0.6%
Japan	4.4%	(0.7%)	(0.2%)

(CRU - Brook Hunt – Bloomsbury)

- Supply / demand deficits expected (numbers in thousand tonnes)

	<u>2004A</u>	<u>2005E</u>	<u>2006E</u>
Main 3 market analysts	(1,000)	(71)	190

(CRU - Brook Hunt - Bloomsbury)

Copper Cathodes Market Outlook

- High current spot premium
 - Currently between US\$ 80 to 100 per tonne
 - Expected to continue at this level or higher during balance of 2005
- Annual contract premium at all time highs in Europe
 - 2004 – US\$ 60 per tonne
 - 2005 – US\$ 115 per tonne

Copper Concentrates Market Outlook

- After enjoying record low treatment and refining charges over 2004, TC/RC's have risen rapidly due to the copper concentrates market moving into surplus

Fundamentals for TC/RCs

- Increases in mine production mainly in form of concentrate
- Delays in start-up of new capacity in India and Thailand
- Concentration of smelter maintenance shutdowns during 1H-05
- High level of concentrate inventories at smelters
- Concentrates market will balance during 2H-05 and move into deficit in 2006
- Current spot TC/RC's at record high should improve in favour of producers late 2005

Copper Concentrates Market Outlook

- Increase in annual contract settlements
 - 2004 mid-year benchmark - 63 & 6.3
 - 2005 calendar benchmark – 85.5 & 8.5
 - TC/RC's for 2005 mid-year will be over the calendar year benchmark

- **Supply / demand balance** (numbers in thousand tonnes of fine copper)

	<u>2004A</u>	<u>2005E</u>	<u>2006E</u>
Main 3 market analysts (CRU - Brook Hunt - Bloomsbury)	416	224	(80)

Molybdenum Market Outlook

- Very strong market in 2004

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005 Q1</u>
• Average market price (US\$/lb)	3.7	5.3	16.2	30 (estimated)

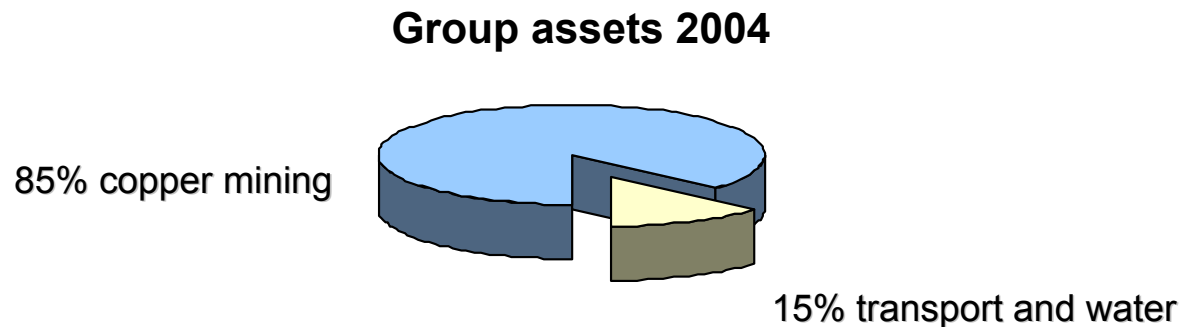
- Prices supported by:
 - Demand continues growing at a good rate
 - *Stainless steel production currently growing at 4-5%*
 - *Non-metallurgical applications (e.g. catalyst sector due to emission limitations) expected growth of 3-5%*
 - Supply limitations
 - *Production problems at primary mines in China*
 - *Most of the production comes as by-product from copper producers which are price-insensitive*

- The market consensus is that the price should mark an historical high annual average this year

Backup

Antofagasta plc - Core businesses

- Focus on copper mining



- Operating assets in Chile (the largest copper producing country, responsible for 36% of world mining)
- Listed on the London Stock Exchange (FTSE 100 since March 2004)
- Market capitalization: US\$ 5.1 billion (share price: 1349 p at 11 March)

Brief history

- 1888 Antofagasta Railway incorporated and listed in London
- 1979 Luksic Group acquires controlling interest and begins investing in mining, financial and industrial sectors in Chile
- 1996 Financial and industrial interests exchanged for 33.6% interest in Quiñenco
- 1997 Development of large-scale mining projects commences
- 2000 Start of low-cost copper production with Los Pelambres
- 2003 Demerger of 33.6% interest in Quiñenco
Acquisition of Aguas de Antofagasta

Group Operations (figures at 2004)

Copper mining	Los Pelambres (60%)	350,600 tpy in concentrates
	El Tesoro (61%)	97,800 tpy of cathodes
	Michilla (74%)	50,000 tpy of cathodes
	Exploration programmes in Chile and Peru (CVRD)	
<hr/>		
Transportation	Chile (FCAB-100%) and Bolivia (FCA-50%)	
	4.5 million tons carried for 2004	
<hr/>		
Water Supply	Aguas de Antofagasta	
	Operations started in December 2003	

Group Overview

Mining Operations and Exploration

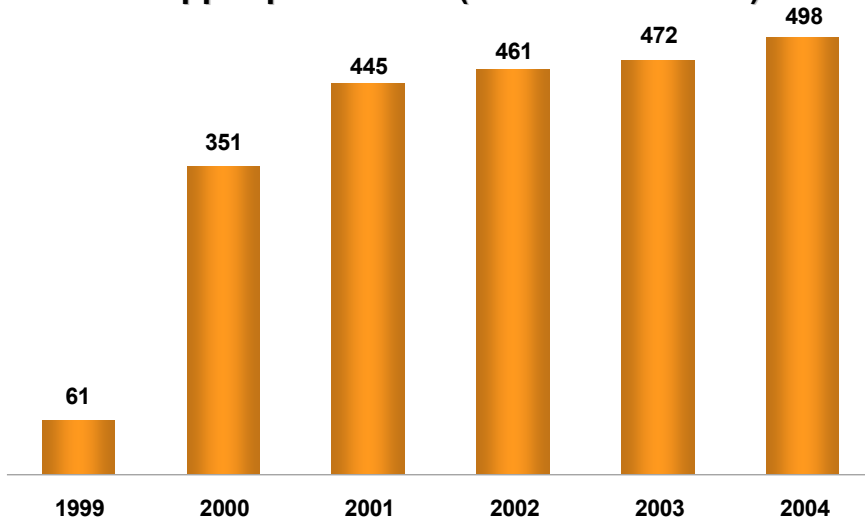


Peru

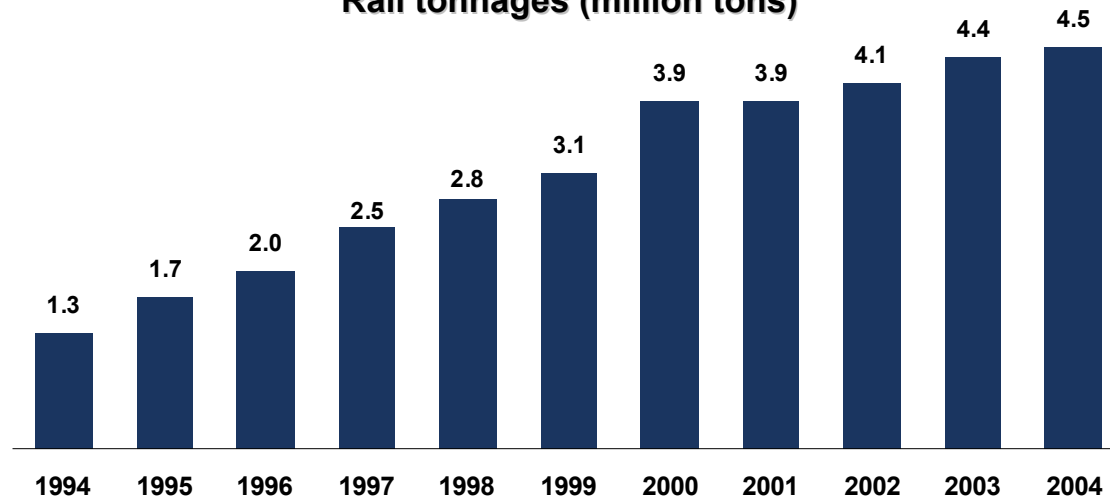


Growth Record – Mining & Railway

Copper production (thousand tonnes)

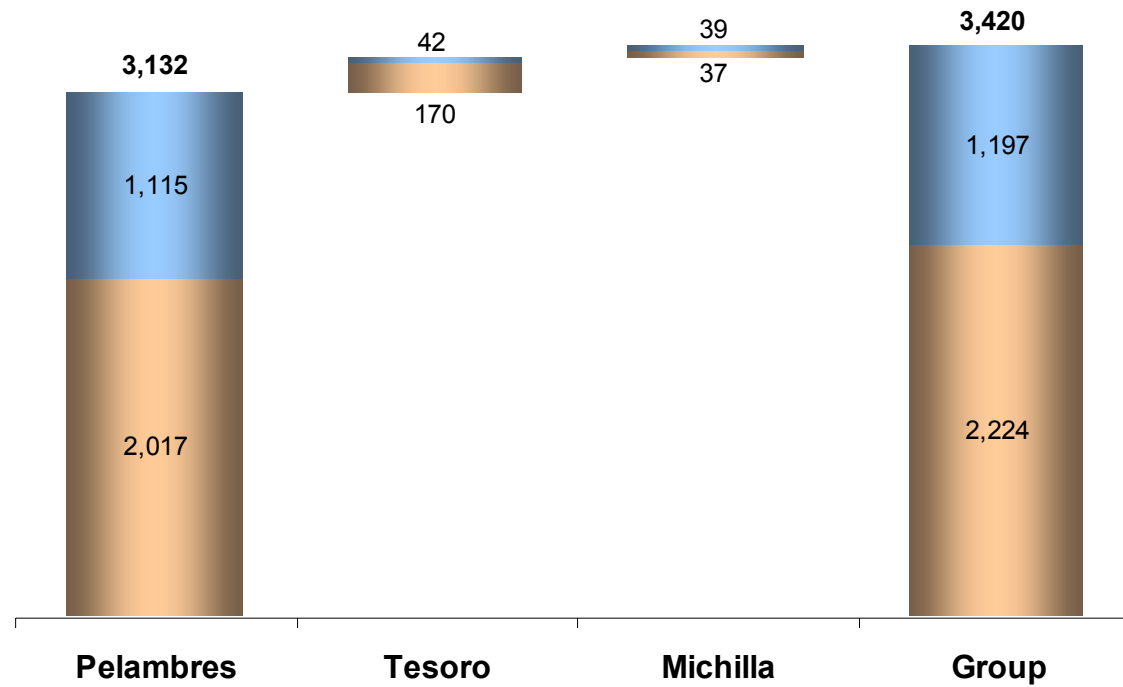


Rail tonnages (million tons)



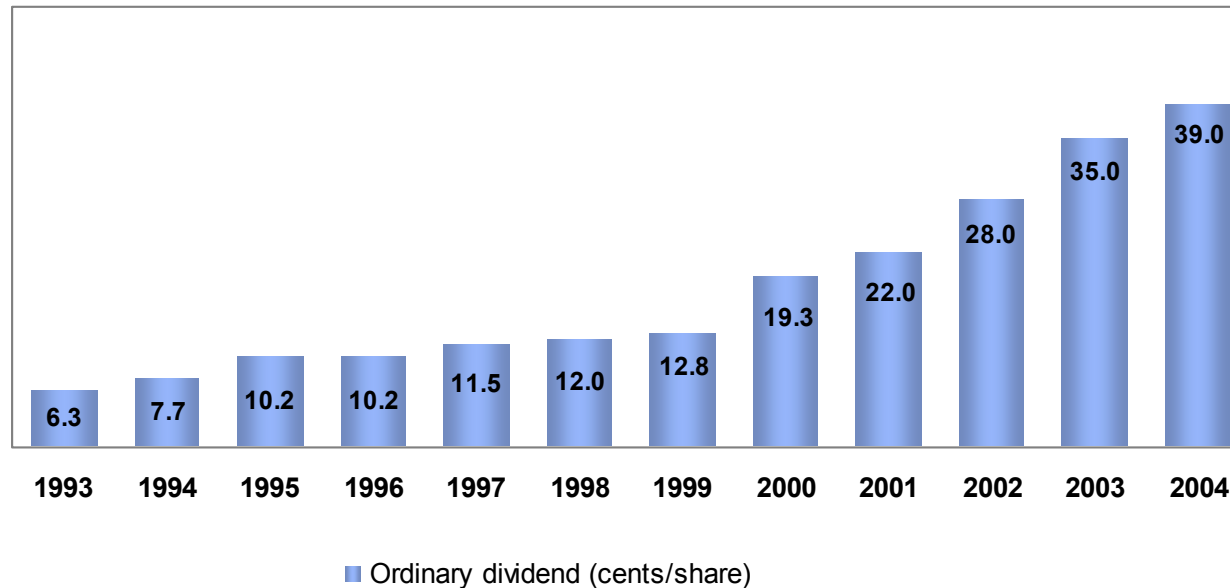
Reserves & Resources at Operations

(at 31 Dec 2004)



Financial Strength

Ordinary Dividends (excluding special dividends)



- Ordinary dividend steadily increased since 1980
- Special dividends also paid:

2000	18 cents cash
2001	10 cents cash
2003	111 cents cash redemption value on demerger
2004	40 cents cash

Antofagasta

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