

ANTOFAGASTA  PLC

2005 Results Presentation

14 March 2006

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 2005 (comparatives vs 2004)

- **Results** Turnover and net earnings up over 25%
- **Dividends** Total dividend for the year up 39% to 110 cents
- **Commodity prices** LME copper price up 29% to 167 c/lb;
Molybdenum market price up 98% to US\$32.0/lb
- **Group cash cost** Reduced to 13.9 c/lb (record low cash cost of negative 17.1 c/lb at Los Pelambres)
- **Copper production** Reduced 6% to 467,300 tonnes, mainly due to lower grades in Los Pelambres
- **Moly production** Increased 10% to 8,700 tonnes

Highlights 2005 (comparatives vs 2004)

- **Los Pelambres** Plant expansion to 140 ktpd started
- **El Tesoro** Plant expansion to 10.5 Mtpa completed
- **Esperanza project** Feasibility study expected to be completed by end of 2006
- **Business development** Takeover bid for Tethyan Copper and further agreement with Barrick Gold

Financial analysis

Financial highlights (1)

	<u>2005</u>	<u>2004</u>	<u>% change</u>
Realised copper price ¹ (c/lb)	185.2	140.2	↑ 32%
Realised moly price ¹ (US\$/lb)	31.4	21.5	↑ 46%
	<u>US\$m</u>	<u>US\$m</u>	
Revenues ²	2,445	1,942	↑ 26%
EBITDA	1,674	1,357	↑ 23%
Profit before tax	1,536	1,199	↑ 28%
Net earnings (after tax and minorities)	726	580	↑ 25%

(1) Determined by comparing revenues with sales volume

(2) Revenues presented net of treatment and refining charges (TC/RC's) and molybdenum roasting charges of US\$ 193m (US\$ 127m in 2004)

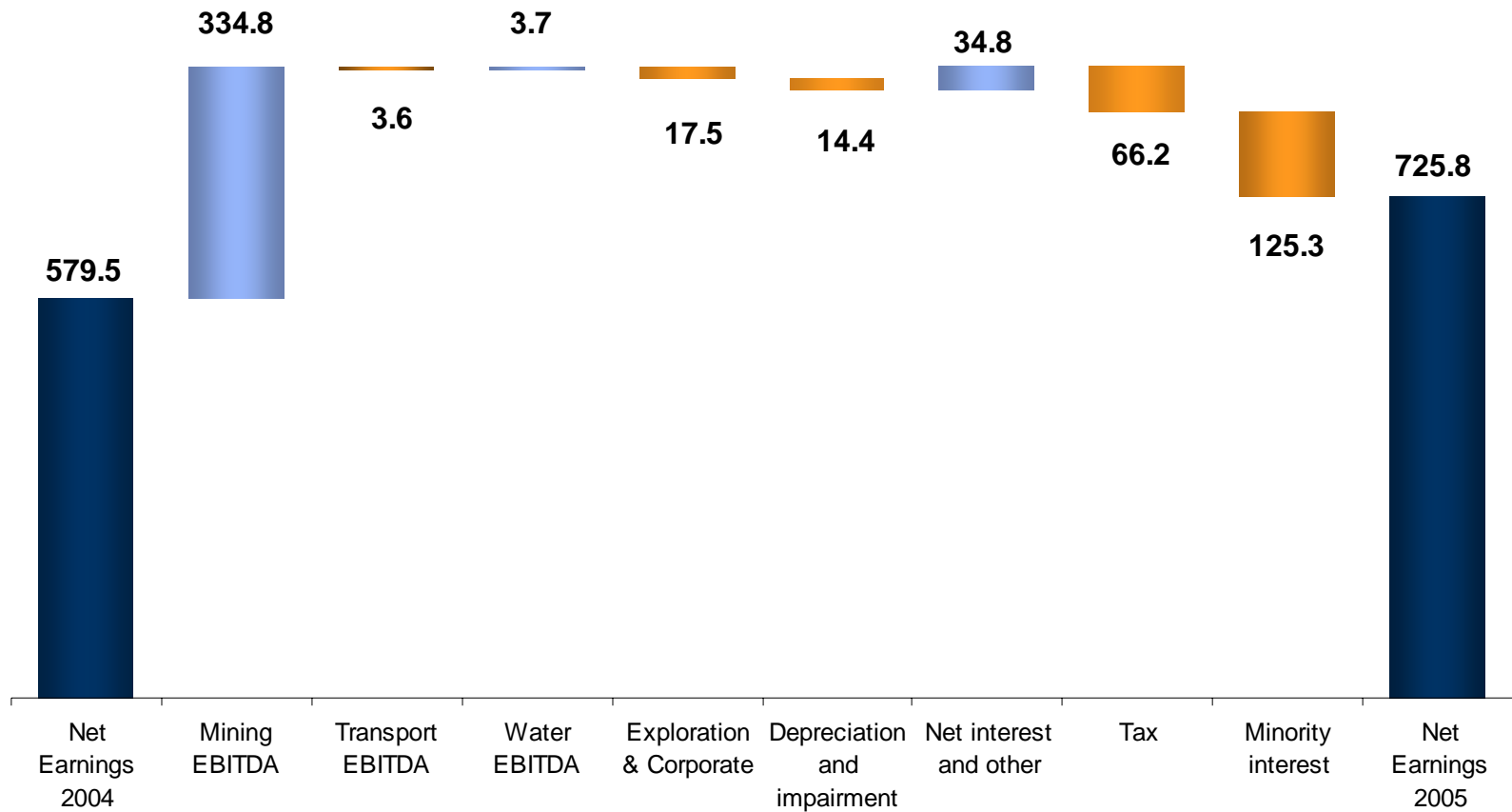
Financial highlights (2)

	<u>2005</u>	<u>2004</u>	<u>% change</u>
	<u>cents</u>	<u>cents</u>	
EPS	368.1	293.9	↑ 25.2%
Dividends			
Interim	16.0	15.0	
Final	24.0	24.0	
Ordinary	40.0	39.0	↑ 2.6%
Special	70.0	40.0	
Total	110.0	79.0	↑ 39.2%

Profit after tax and minorities

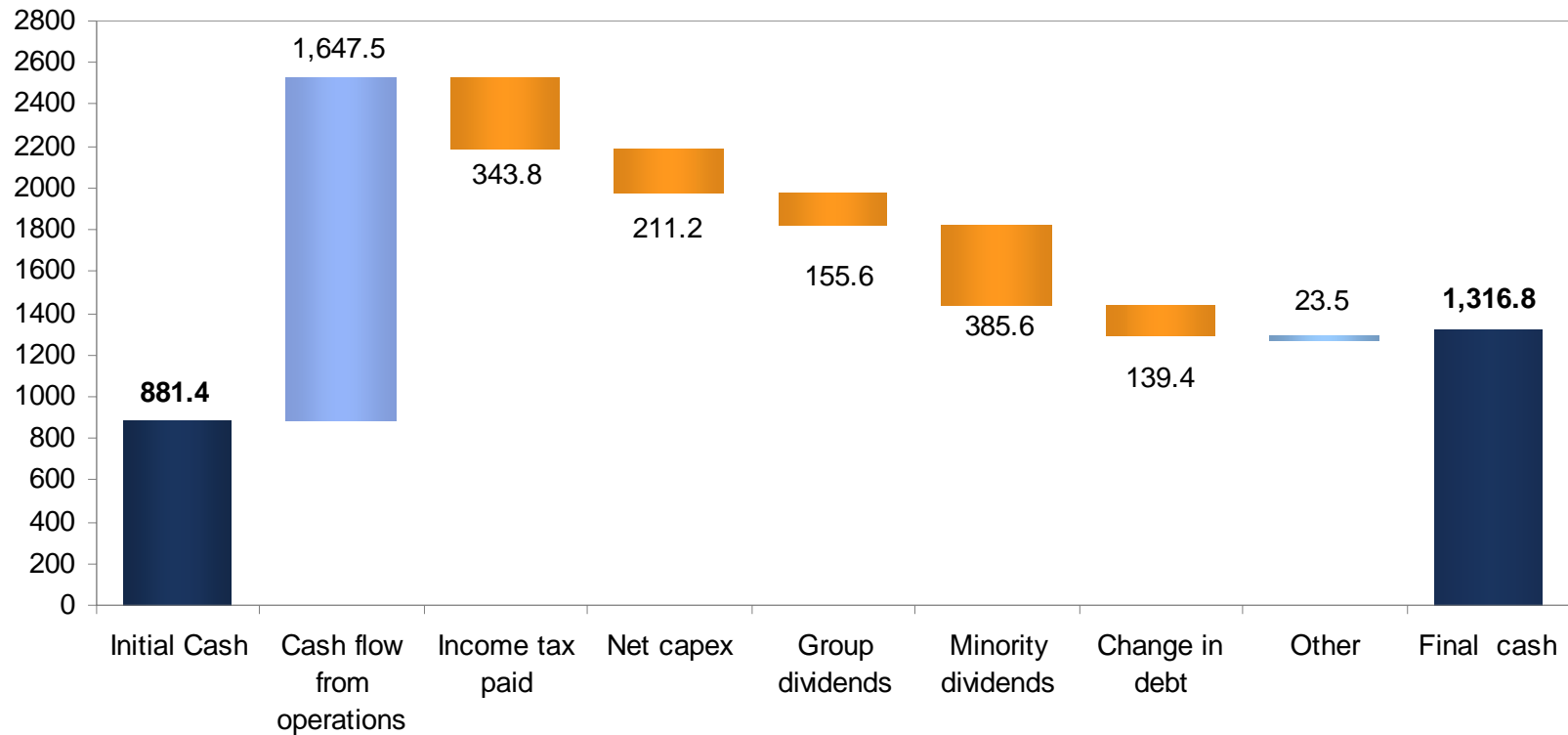
Variances 2005 vs 2004

US\$m



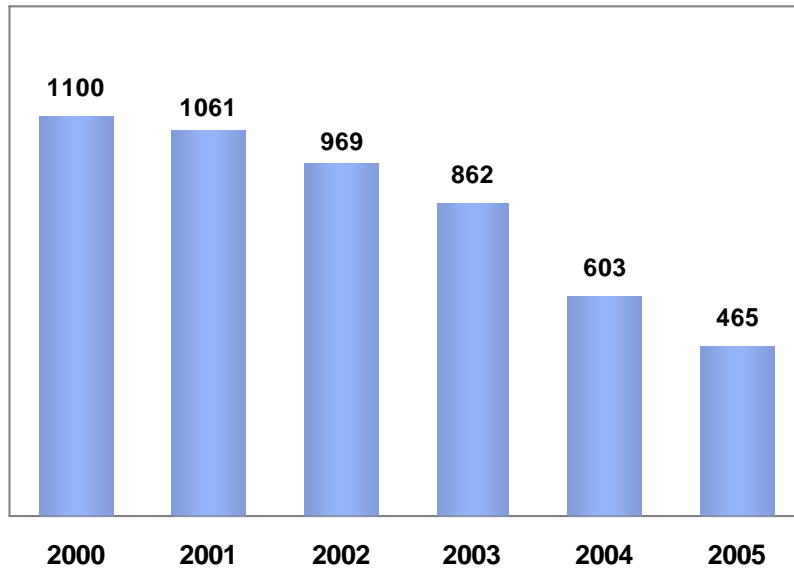
Cash flow 2005

US\$m

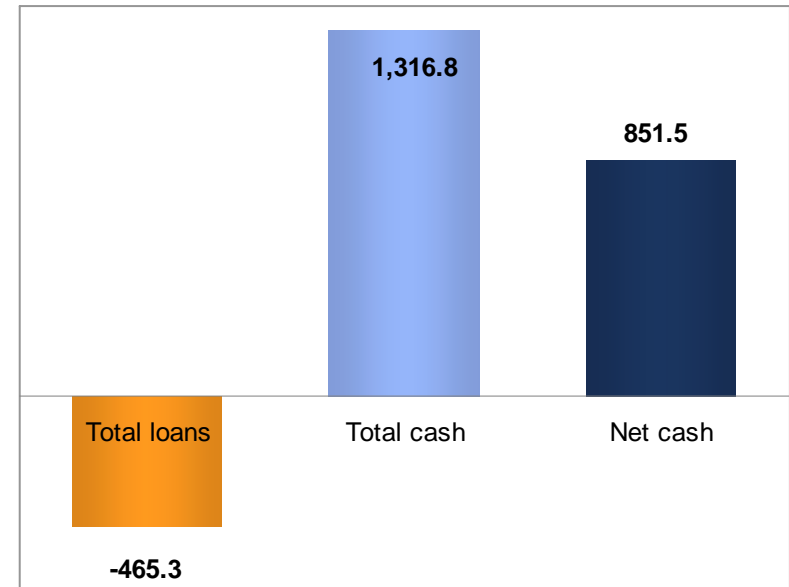


Group debt (US\$ million)

Consolidated debt 2000-2005

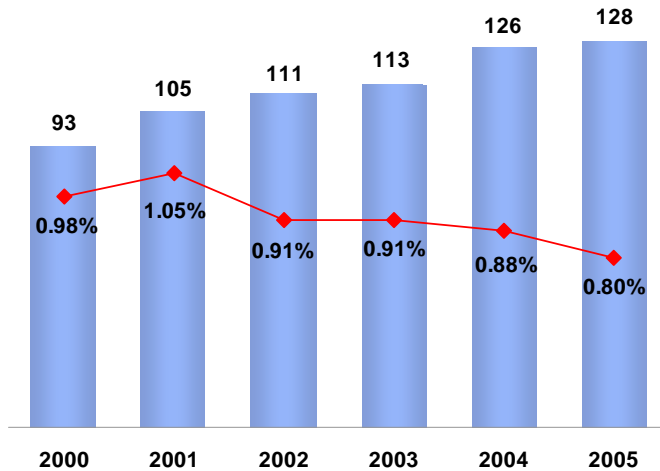


Net cash 2005



Operations review and outlook

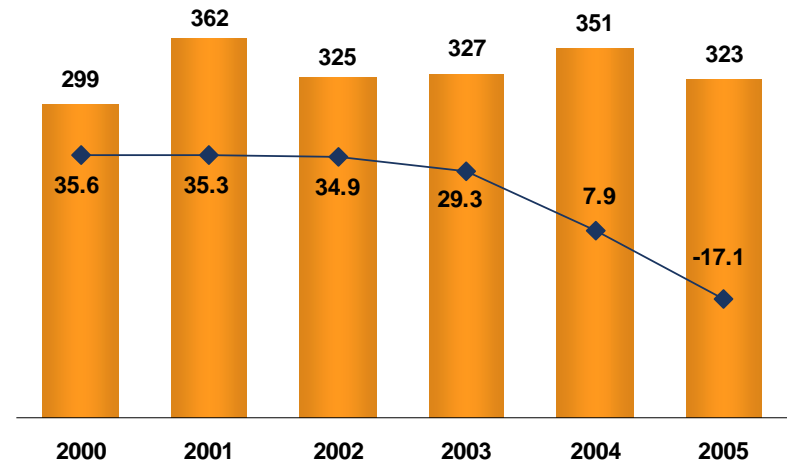
Los Pelambres – 2005 review



■ Plant throughput (000 tonnes per day)
◆ Copper grade %

- Plant throughput increased 2%, partially offsetting the impact of lower copper grades. Concentrator availability increased to 96.4%
- Moly production increased 10% to 8,700 tonnes, as result of mine plan optimisation

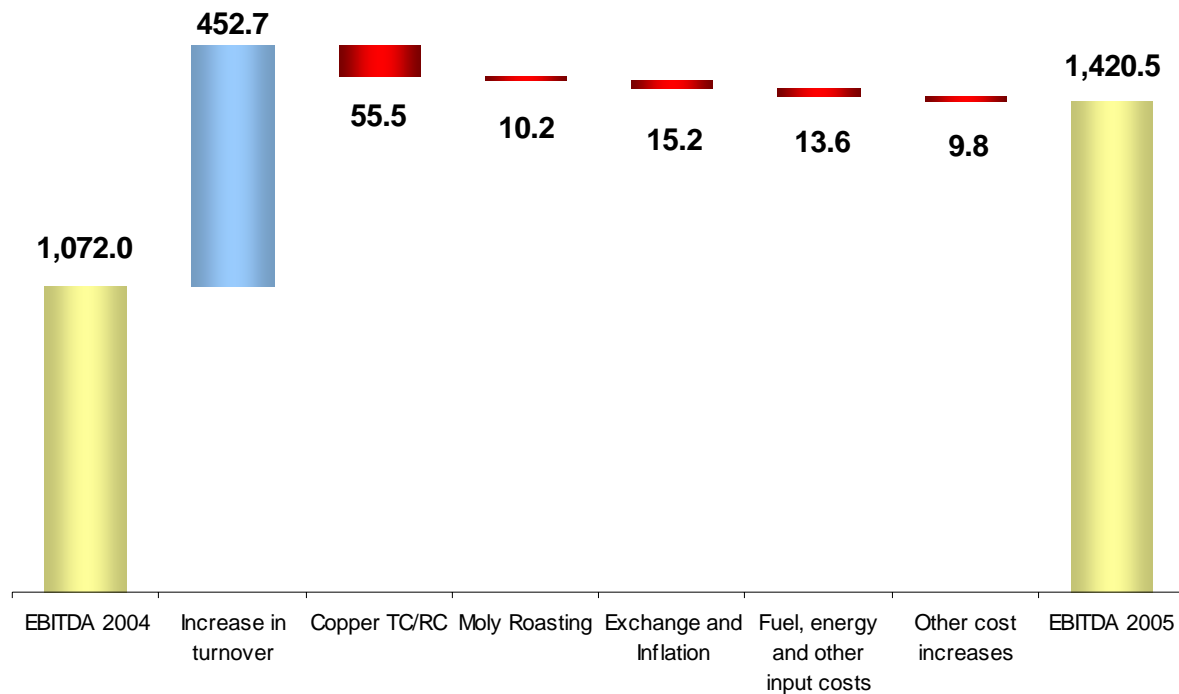
- Cash cost of negative 17.1 c/lb
 - Lowest cost of Chilean mines
 - Among the lowest 15% of the copper industry ▶
- Best safety record of the Chilean mining industry for 3 consecutive years
- ISO 14001 certification obtained in October 2005



■ Copper production (000 tonnes)
◆ Cash cost (c/lb)

Los Pelambres – 2005 review

- EBITDA increased 32% to US\$ 1,420m
- Cost increases mainly attributable to market conditions ⁽¹⁾



- Total debt reduced to US\$ 395.8m (from US\$477.0m in December 2004)

(1) Detailed C1 cash cost analysis is provided as backup on page 42

Los Pelambres – Outlook and targets

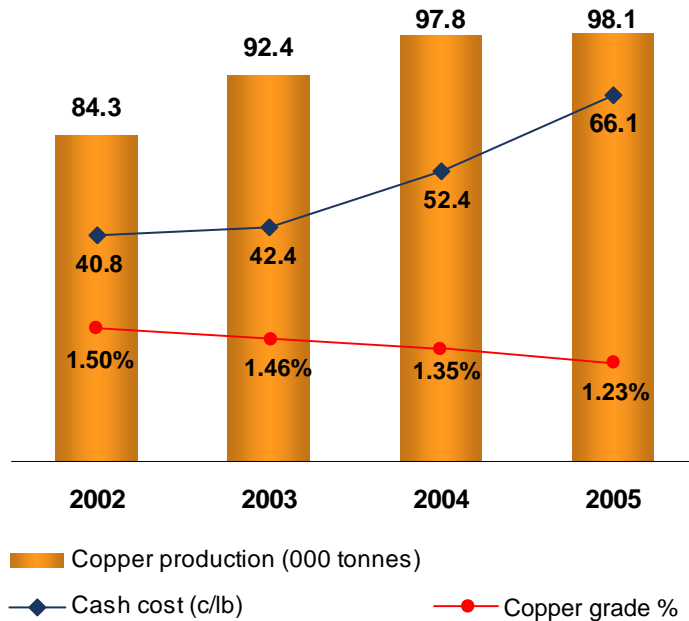
- **Production and costs 2006**

- Payable copper: 308,000 tonnes (Cu grade of 0.77% vs 0.80% in 2005)
- Molybdenum: 10,800 tonnes (Mo grade of 0.03% vs 0.022% in 2005)
- Cash cost of 40 c/lb (based on Mo price of 17 US\$/lb, realised price of 13 US\$/lb)

- **Growth plans**

- Plant expansion to 140 ktpd initiated
- Capex of US\$ 182 million; all key contracts assigned
- Project expected to be completed on time by Q2 2007
- Mauro tailings dam under construction, with 20% progress.
Start-up expected by the end of 2007, to support the expanded reserves of 2.1 bn tonnes

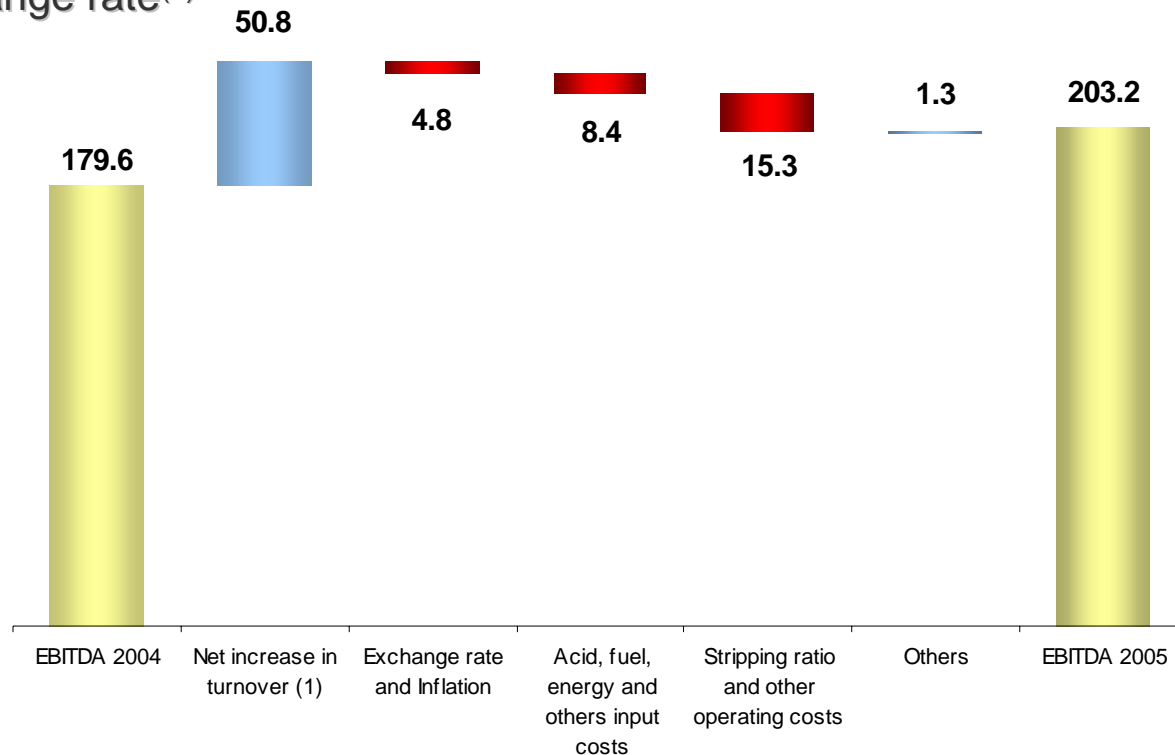
El Tesoro – 2005 review



- Copper production slightly increased, despite 9% decrease in grades (1.23% in 2005 vs 1.35% in 2004)
 - Metallurgical recoveries improved to 80%, from 78% in 2004, as result of an optimisation in leaching process
 - Plant throughput up 7%
- Mine capex programme completed (US\$ 30m). Extraction rate of 6 million tonnes/month achieved in October
- 42-month labour agreement reached in August

El Tesoro – 2005 review

- EBITDA increased 13% to US\$ 203.2m
- Operating costs affected mainly by: higher stripping ratio, sulphuric acid, fuel prices, and exchange rate⁽²⁾



- Total debt reduced to US\$ 56.1m (from US\$ 111.9m in December 2004)

(1) Net increase in turnover shown here includes copper hedging losses of US\$ 24.8 million (included in operating expense in financials)

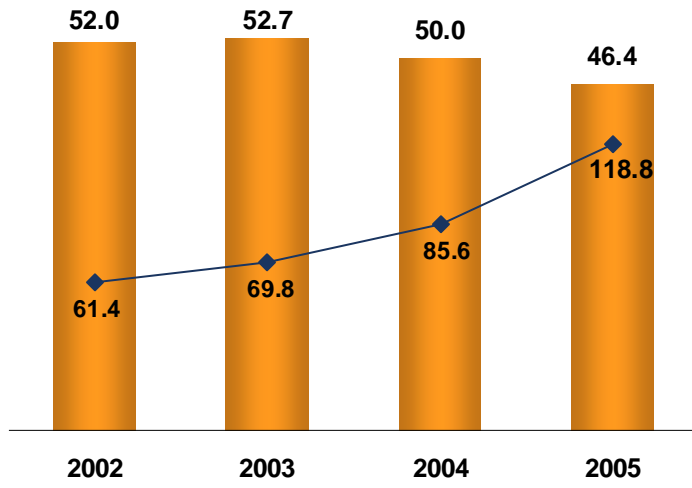
(2) Detailed C1 cash cost analysis reconciliation is provided as backup on page 42



El Tesoro – Outlook and targets 2006

- Production target of 91,600 tonnes (Cu grade of 1.14% vs 1.23% in 2005)
- Cash costs expected to increase to 78 c/lb, as result of ⁽¹⁾:
 - Higher stripping ratio
 - Impact of lower production on unit costs
- Plant optimisation to 10.5 million tonnes per annum completed, with start-up in January 2006

(1) Detailed C1 cash cost analysis reconciliation is provided as backup on page 42

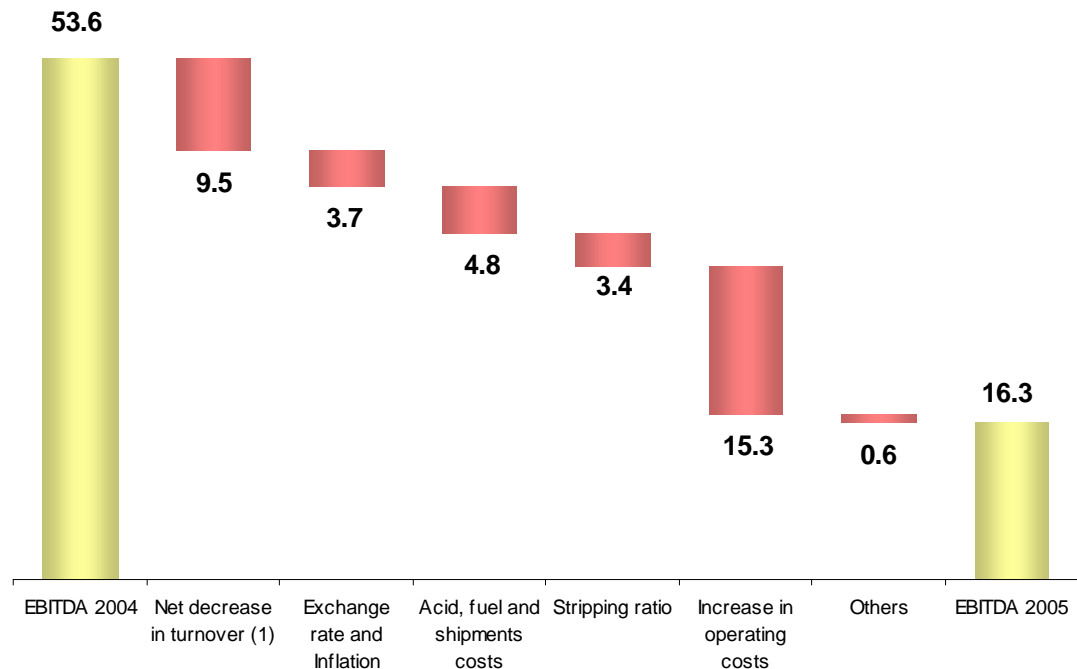
Michilla – operational and financial review



 Copper production (000 tonnes)
 Cash cost (c/lb)

- EBITDA down 70% to US\$16m (including effects of copper hedging)
- Low debt levels maintained (US\$ 2.6m)

- Copper production down 7% to 46,400 tonnes
 - Operational difficulties in the open pit and underground mine
 - Lower than expected copper grades
- Costs affected by market and operational factors



(1) Net decrease in turnover shown here includes a copper hedging loss of US\$ 43.8 million (included in operating expense in financials)

Michilla – Outlook and targets

- 2006: 41,900 tonnes at 127 c/lb cash cost ⁽¹⁾
- New mine plan to be completed in May – may result in a reduced but sustainable copper production level
- Antofagasta Minerals is acquiring the Antucoya deposit
 - located 45 km north-east from Michilla
 - 400 Mtons @ 0.4% copper, with low stripping ratio
 - Antucoya is part of the same orebody with Buey Muerto, controlled by Antofagasta (138 Mtons @ 0.43% copper)
 - After completing geological and engineering studies, the combined resource could extend the life of Michilla

(1) Detailed C1 cash cost analysis reconciliation is provided as backup on page 42

Esperanza Project



- Feasibility underway

- 2.25 km exploration decline with 75% progress, expected to be completed in July (to obtain metallurgical and geotechnical bulk samples)
- 40,000 metres infill drilling campaign completed
- Comminution and flotation testwork: 70% progress, with positive results
- Feasibility completion expected by end of 2006

- Updated drill-inferred resource (unchanged 0.3% cut off grade)

- 42% increase in contained copper in ore resource
- 70% measured and indicated

	Updated	Previous
Copper	786 Mt @ 0.53%	469 Mt @ 0.63%
Gold	0.20 g/t	0.27 g/t
Molybdenum	0.0123%	-

Exploration and growth opportunities

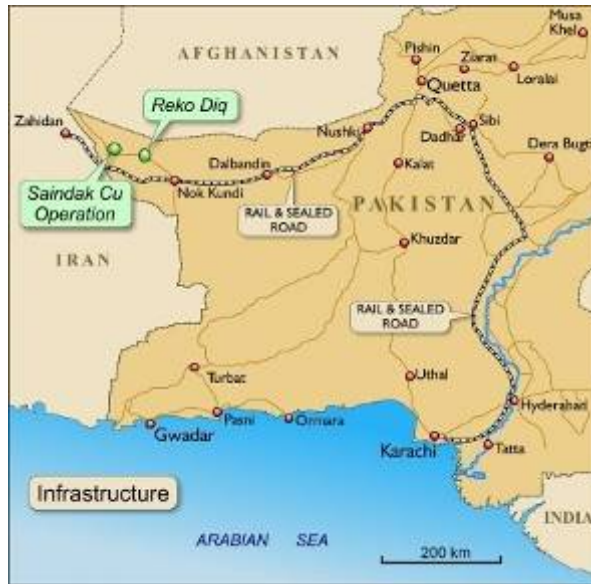
2005 review

- “Target-generation” programme (announced in March 2005), was carried out during the year in Chile and Argentina
 - 20 targets reviewed in Chile and 3 in Argentina
 - 4 targets drilled
 - Programme will continue in 2006
- Active search of early stage exploration projects in Latin America and Asia
 - Resulted in the takeover bid for Tethyan Copper (Reko Diq project, Pakistan)

Outlook

- 2005-2009 exploration programme initiated
- Focus on copper and copper-gold porphyries
- 2006 budget: US\$ 11m for exploration in Chile, Latin America and rest of the world

Tethyan Copper / Reko Diq



- Tethyan Copper acquired the Reko Diq project from BHP Billiton in 1999
- Resource estimate (updated January 2006)
 - 2.4 billion tonnes @ 0.51% Copper and 0.27g/t Gold
 - Contains 12.3 million tonnes of copper and 20.9 million ounces of gold
- Antofagasta announced a 100% takeover bid in February at A\$1.2/share (US\$ 140m for 100% of the company)
- Agreement to acquire BHP Billiton's clawback right over Tethyan's mining assets for US\$ 60m
- Agreement with Barrick Gold to form a 50/50 joint venture
- Tethyan Copper is subject to a rival bid from Skafell Pty

Railway and other transport

- Rail volumes of 4.34 million tons
(4.48 million tons in 2004)
- Road volumes of 1.52 million tons
(1.41 million tons in 2004)
- Total revenues of US\$ 92.5 million*,
EBITDA of US\$ 38.2 million
- Growth perspectives (35% increase in
volumes over the next 2 years)
 - Spence: 450,000 tpa. 12-year contract from
January 2007
 - San Cristóbal (Bolivia): 630,000 tpa in the first
5 years. 17-year contract form April 2007,
 - Escondida sulphide leach: 450,000 tpa in the
first 3 years (from 2H 2006), going up to
580,000 tons



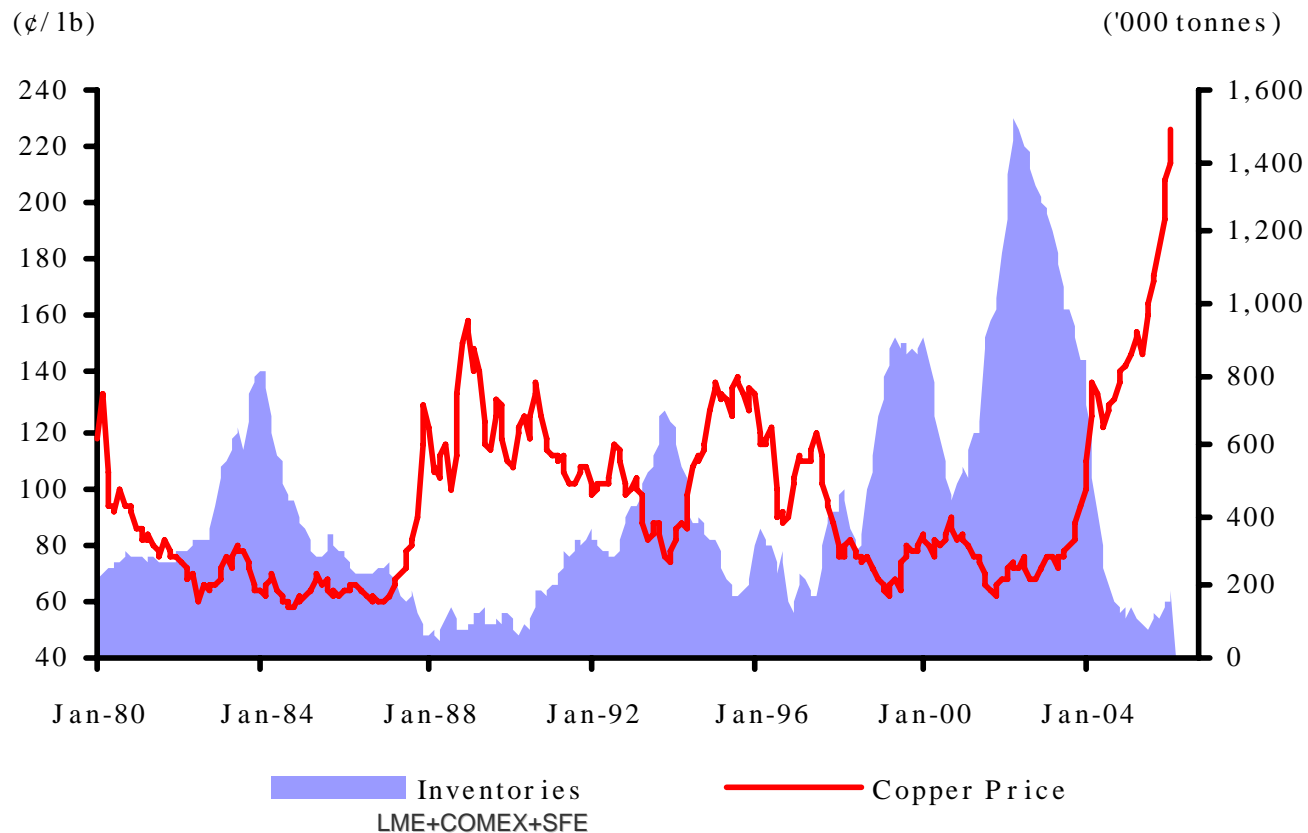
* Represents third party revenues, stated after eliminating sales to Antofagasta's mining division of US\$ 8.8m (2004 – US\$ 6.9m)

- Strong operational performance in second year of operations
 - Revenues of US\$ 53.7 million
 - EBITDA of US\$ 33.9 million
 - 3% growth in water volumes to 33.1 million m³
 - Water losses reduced 3% in the last 2 years, being now close to 26%
- Growth prospects
 - Spence: 15-year contract from July 2006
 - Expected volumes of 4.7 million m³ /year for operations (14% growth in total current volumes)
 - In addition, water is being provided for the construction period.
 - Collahuasi expansion: Option agreement until 2008 (15.8 million m³ /year)
- Process to fix new domestic tariffs for the next 5 years will be completed in May

Market outlook

Refined Copper Market Outlook

- **Copper fundamentals remain strong**
 - Despite the recent increase, stocks remain at critical levels



Refined Copper Market Outlook

- Demand is expected to recover during 2006 as re-stocking takes place

Global Demand Change	<u>2004a</u>	<u>2005e</u>	<u>2006f</u>
(Bloomsbury –February 06)	7.0%	nil%	5.9%

During 2005 there was no growth in world apparent consumption due to the de-stocking

- 2006 production growth could be based on optimistic projections

Mine Production Change	<u>2004a</u>	<u>2005e</u>	<u>2006f</u>
(Bloomsbury –February 06)	4.2%	3.0%	7.2%

The risk of supply-side disruptions remains

Refined Copper Market Outlook

- Most analysts now do not expect the refined copper balance to move from deficit to surplus until the second half of 2006

<u>Market Balance ('000 tonnes)</u>	<u>2004a</u>	<u>2005e</u>	<u>2006 (f)</u>
(Bloomsbury February 06)	(875)	(380)	(207)
(Brook Hunt February 06)	(1030)	(100)	330
(CRU February 06)	(748)	(15)	449

Macroeconomic forecasts also support commodity prices

- Global industrial production is slowing down but still expected to be about 5% (down from 6% in 2005)
- Interest rates have gone up, but remain at low levels and no major increases are expected this year
- World growth is in general robust and inflation has remained low despite the increase in raw material prices

Refined Copper Market Outlook

Positive outlook for copper prices

- Consensus forecast is 200 c/lb for 2006 and over 150 c/lb for 2007
- The uptrend of this prolonged bull run in the copper price may be reaching its peak but a collapse in prices is unlikely

Copper Cathodes Market Outlook

- As expected, the annual premium for 2006 in Europe was fixed at US\$ 105 per tonne, slightly below 2005 premium of US\$ 115 per tonne
- Spot premiums have remained at a high level as copper consumption recovers
 - Currently at around US\$ 100 per tonne
 - Expected to continue at this level or increase during the coming months
- Because of the low stock level any upturn in demand or disruption in the supply side would have a positive impact on premiums

Copper Concentrates Market Outlook

Terms are expected to continue improving in favour of producers

- Spot TC/RC's reached an all time high during 2005
- During recent months, spot terms have rapidly improved and this trend should continue in 2006
 - More smelting capacity is available and utilisation rates continue to improve
 - No significant increases in production of concentrates are expected for 2006
 - The market surplus is turning into deficit during 2006 and is expected to remain in deficit during 2007

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

	<u>2004a</u>	<u>2005e</u>	<u>2006f</u>	<u>2007f</u>
(Bloomsbury –February 06)	393	101	(92)	(75)

Copper Concentrates Market Outlook

- **Long term contract settlements**
 - 2005 calendar benchmark (set Dec 04) – 85.5 & 8.5
 - 2005 mid-year benchmark (set Jun 05) – 112.5 & 11.25
 - Volume traded represents less than 15% of the world trade
 - Los Pelambres does not have mid-year contracts
 - 2006 calendar benchmark (set Dec 05) – 95 & 9.5
- **Lower TC & RCs are expected for 2006 mid-year and year-end negotiations**

Molybdenum Market Outlook

- Market expected to remain strong in 2006

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
• Average price (US\$/lb)	3.7	5.3	16.2	32	23 (running average)

- Prices supported by:

- Demand continuing to grow at a rate of 3% or more

- Chinese molybdenum consumption expected to continue growing at over 10% during 2006
- Investment in the oil & gas sector accelerating with a higher molybdenum intensity of use

- Supply limitations

- Stocks still remain at low levels
- 2005 disruptions in primary mines in China are likely to continue during 2006
- No significant increases in production from primary mines are expected
- Grade maximisation of molybdenum through “selective mining” by by-product producers is not expected to increase from 2005 levels, and could be difficult to sustain over a long time

- General market consensus is that prices could remain at current levels, possibly trending downwards during 2H-2006

Backup

Group structure



Listed on the London Stock Exchange (FTSE 100 since March 2004)

Market capitalisation: US\$ 6.7 billion at 6 March 2006, with a free float of 35%

Group Operations (2005 figures)

Copper mining	Los Pelambres (60%)	322,800 tpy in concentrates
	El Tesoro (61%)	98,100 tpy of cathodes
	Michilla (74%)	46,400 tpy of cathodes
	Exploration programmes in Chile and Peru (CVRD)	
<hr/>		
Transportation	Chile (FCAB-100%) and Bolivia (FCA-50%)	
	4.34 million tons carried	
<hr/>		
Water Supply	Aguas de Antofagasta	
	33.1 million cu. metres supplied	

Group Overview

Mining Operations and Exploration

Northern Chile



Peru

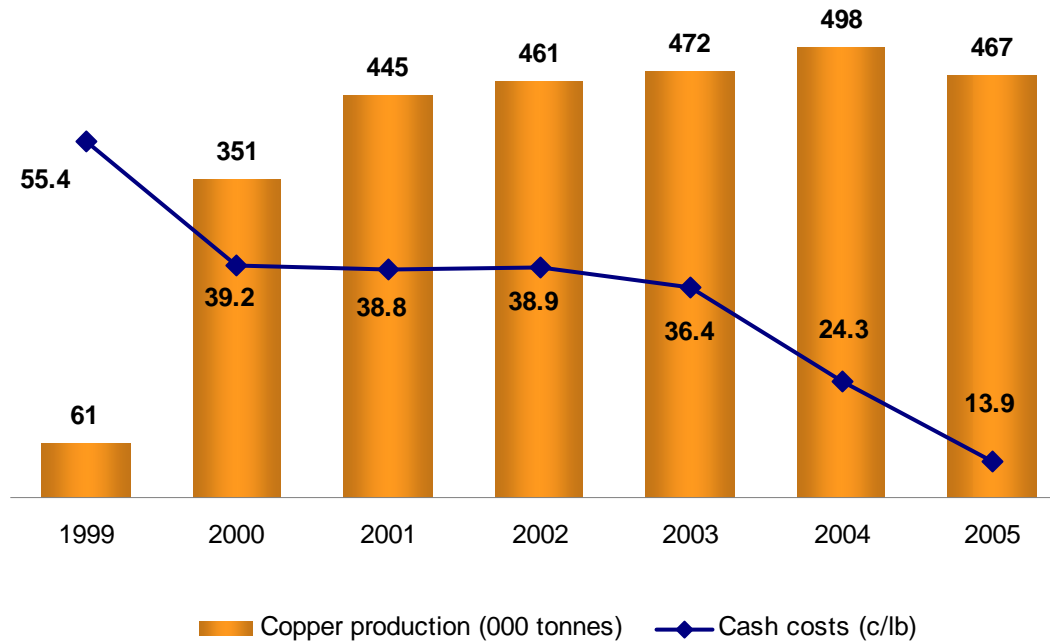


Brief history

- 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

Growth record and cost base - mining

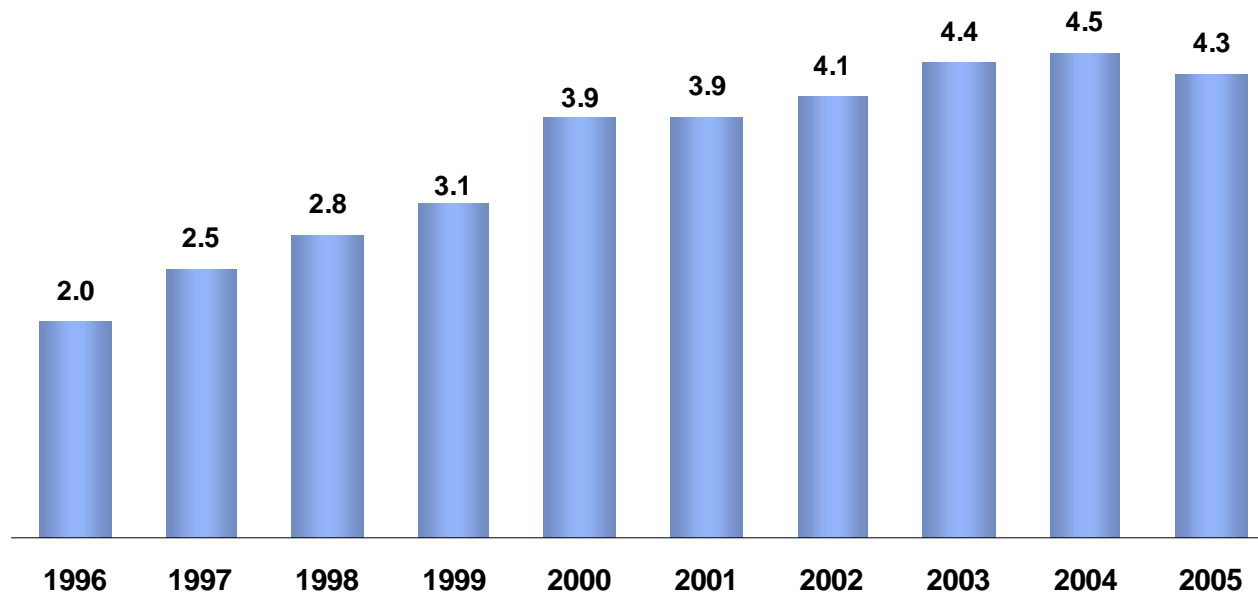
Antofagasta payable copper and cash cost



In 2004, Antofagasta was placed in the lowest 15% of the industry cost curve, with Los Pelambres being the third lowest cost worldwide

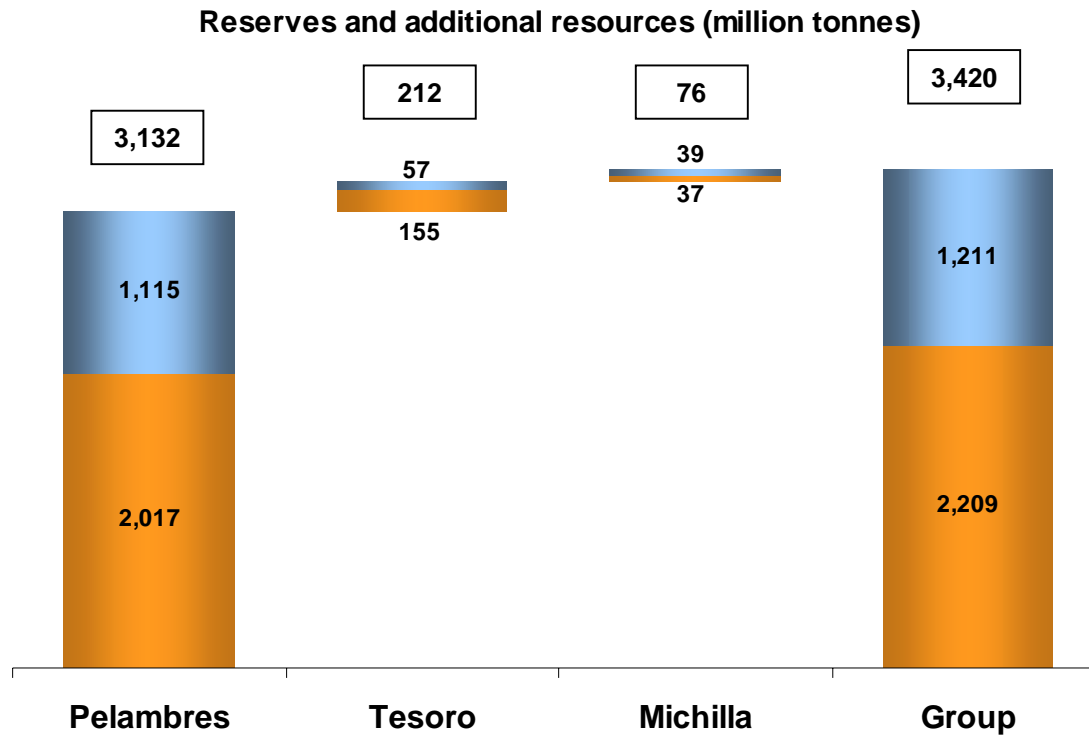
Growth record – railway

Railway tonnages (million tons)



Reserves & resources at operations

(at 31 Dec 2004)



Cash cost analysis 2004 – 2005 – 2006E

Los Pelambres: Cash Cost 2004	7.9
Increase in TC/RC's	11.1
Increase in freight costs	0.2
Exchange rate and local inflation	2.1
Increase in energy, oil and others	1.7
Lower ore grade	4.1
Other cost increases	1.9
Higher by-product credits	(46.0)
Los Pelambres: Cash Cost 2005	(17.1)

Los Pelambres: Cash Cost 2005	(17.1)
Increase in TC/RC's	4.3
Increase in freight costs	2.9
Exchange rate and local inflation	2.5
Lower ore grade	1.7
Other cost increases	1.6
Lower by-product credits	44.2
Los Pelambres: Cash Cost 2006E	40.1

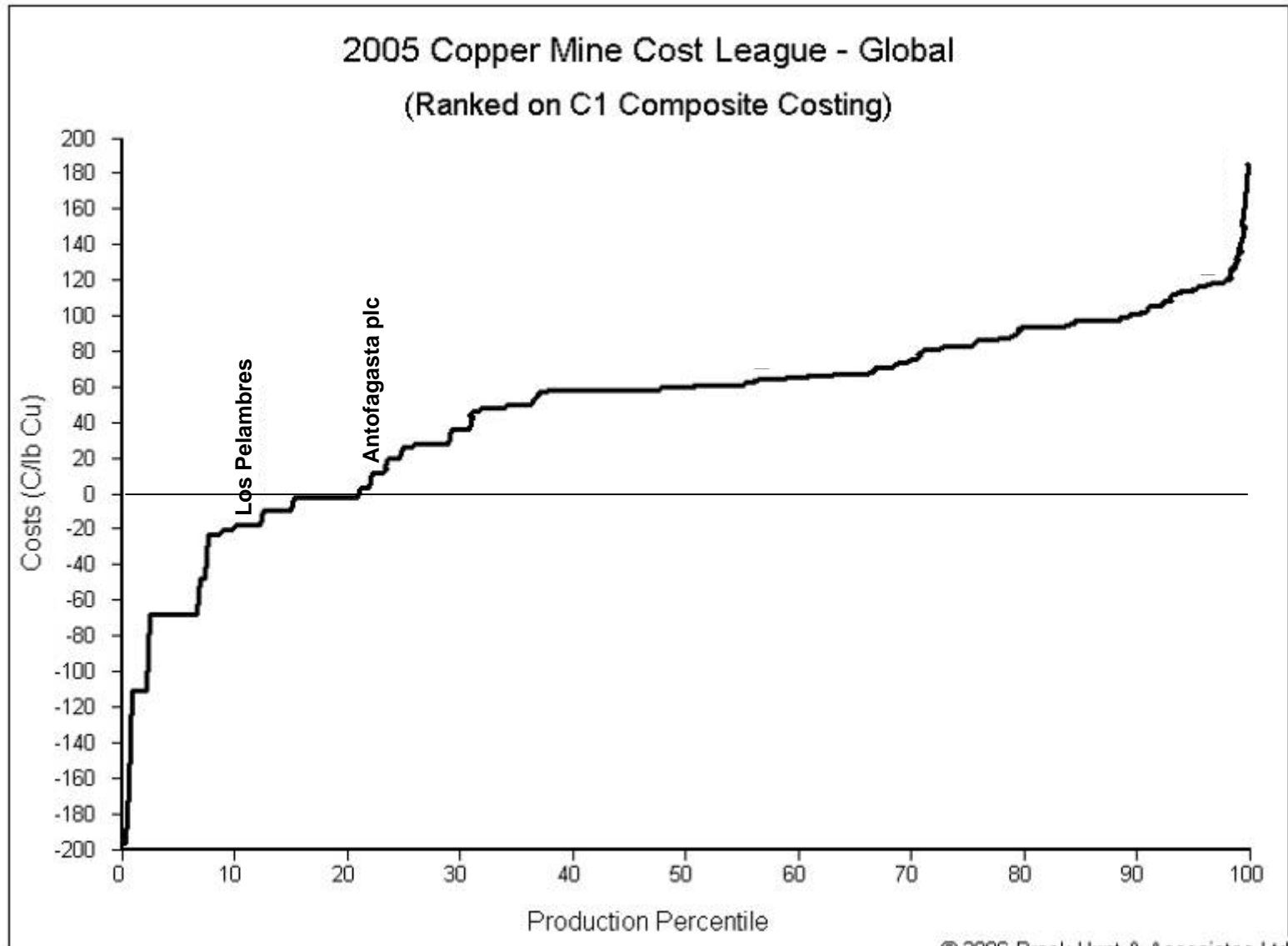
El Tesoro: Cash Cost 2004	52.4
Exchange rate and Inflation	2.2
Acid, fuel, energy and others input costs	3.9
Higher stripping ratio	6.2
Other cost increases	1.4
El Tesoro: Cash Cost 2005	66.1

El Tesoro: Cash Cost 2005	66.1
Exchange rate and Inflation	2.8
Acid, fuel, energy and others input costs	(0.2)
Higher stripping ratio	3.4
Lower copper grades	4.8
Other cost increases	1.3
El Tesoro: Cash Cost 2006E	78.3

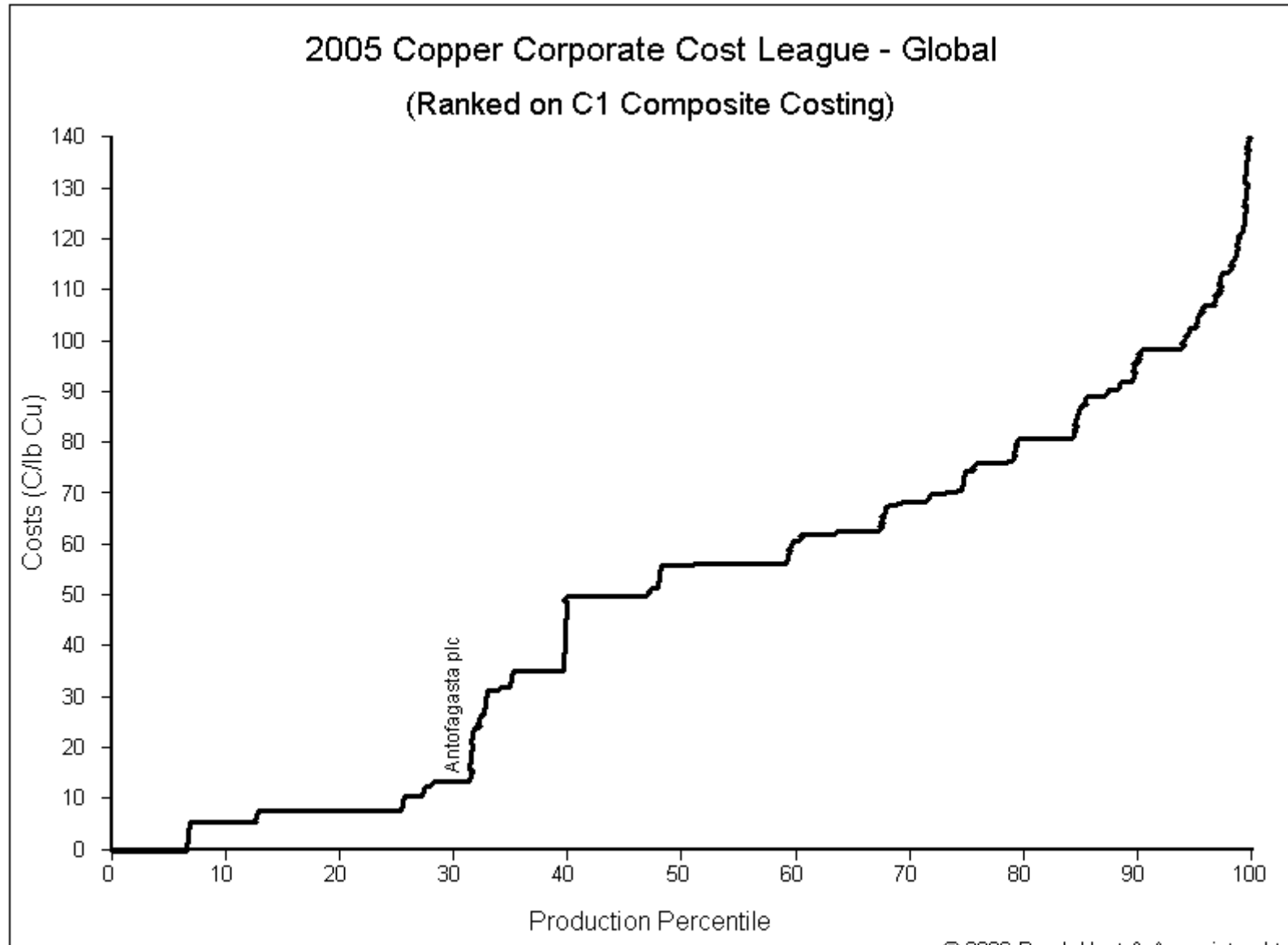
Michilla: Cash Cost 2004	85.6
Exchange rate and Inflation	3.6
Increase in acid, fuel and shipments costs	4.7
Higher stripping ratio	3.3
Lower production (impact on unit costs)	6.6
Increase in operating costs	14.9
Michilla: Cash Cost 2005	118.8

Michilla: Cash Cost 2005	118.8
Exchange rate and Inflation	3.1
Lower acid price and others	(2.5)
Lower production (impact on unit costs)	8.0
Michilla: Cash Cost 2006E	127.4

Cash cost curve 2005 by mine



Cash cost curve 2005 by corporation



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