

Windows on

# Latin America



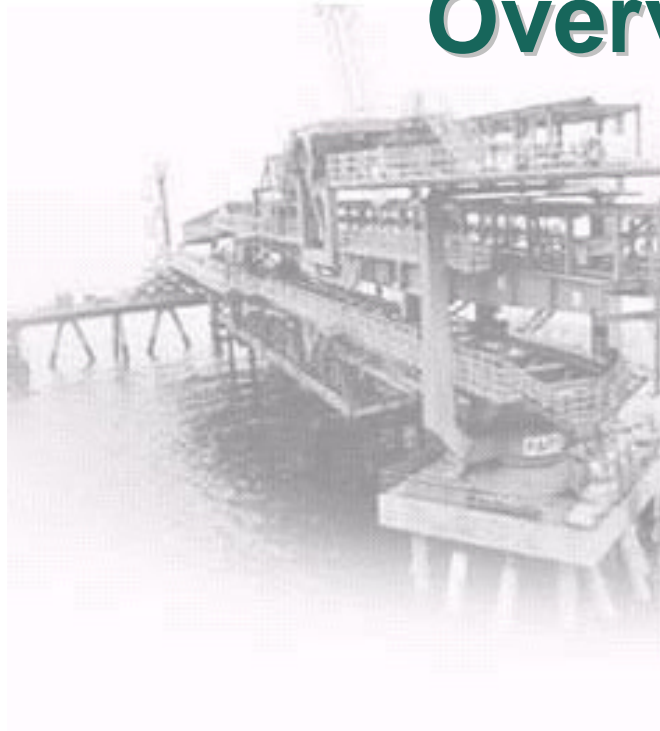
**Jean-Paul Luksic**  
**Director & CEO Mining**  
**6 September 2000**

## Key Investor Information

- Copper mining 91% of total revenues 2000 H1  
167,700 tons total production 2000 H1
- Total Assets: US\$ 1.99 bn June 2000  
US\$ 1.47 bn June 1999
- Market Cap: US\$ 1.26 bn (August 29, 440p)  
Free Float: 35.2% (75% UK investors)
- ROCE 2000 H1: 11.8%
- London Stock Exchange - ANTO.L  
New York Level 1 ADR - ANFGY

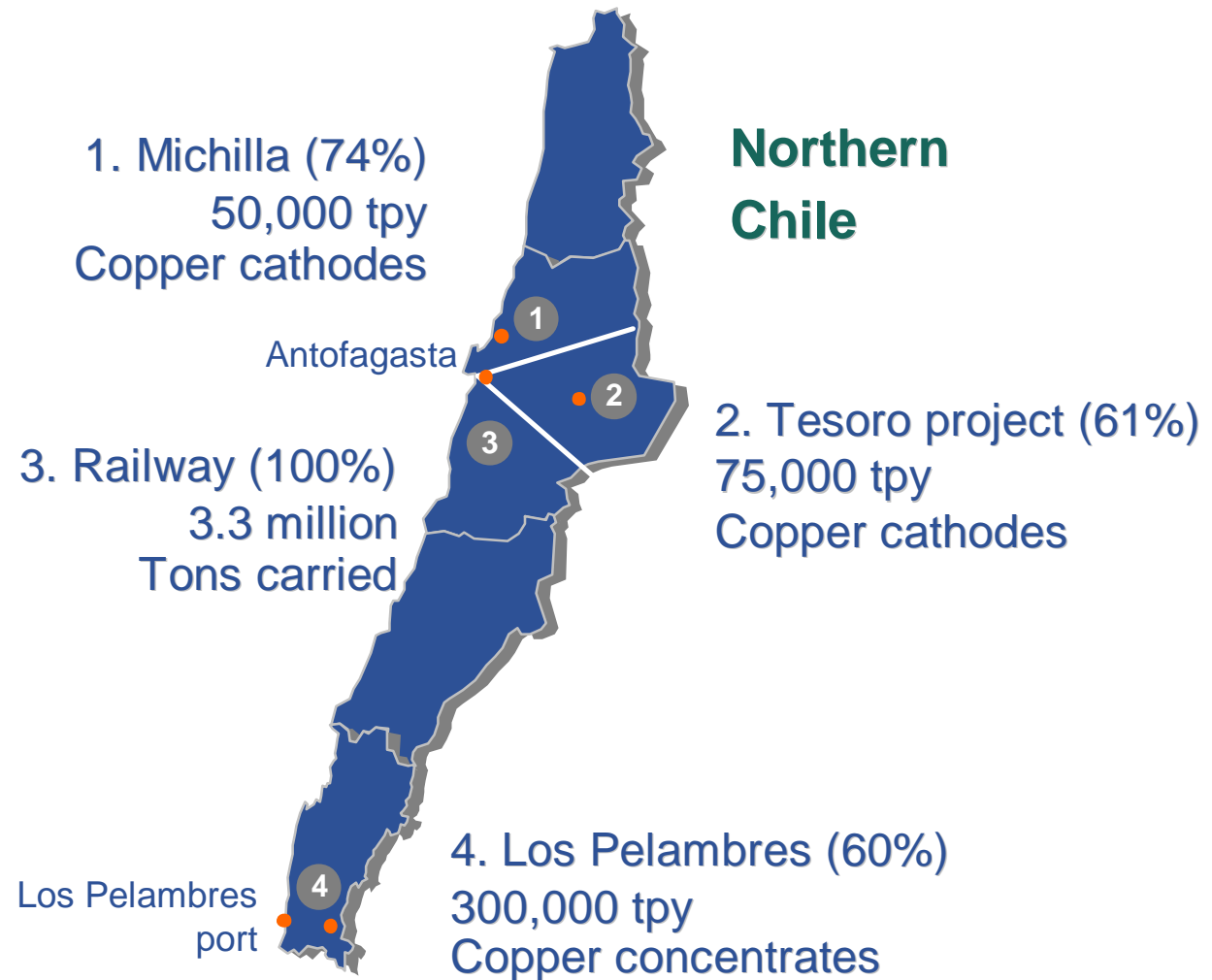
Group

# Overview



## Group overview

### Operations and ongoing projects



## Group overview

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### Los Pelambres

- Open pit - 3 bn tons total resource
- 30 year mine plan - 1 bn tons 0.77% copper
- 300,000 tpy copper in concentrates
- Expected cash costs around 40 c/lb first five years
  - 35.4 c/lb 1H 2000
- Planned capacity of 85,000 tpd exceeded
  - July average 90,000 tpd
- Completion test achieved

## Group overview

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### El Tesoro

- Open pit mine - 188 million tons 1.0% copper
- 21 year mine plan
- 75,000 tpy copper cathodes
- Expected cash costs of 40 c/lb first five years
- Construction progress above 50% by August
- Start up expected on schedule in May 2001

## Group overview

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### Michilla

- Open pit / underground
  - 28 million tons @ 1.28% copper
  - 64 million tons total resource
- 50,000 tpy copper cathodes
- Life of mine extended to 2007
- Unique SX-EW process - use of sea water in leaching

## Group overview

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### Railway operations

- Chile
  - Provides transportation network for copper mining region
  - Connected with Bolivia and Argentina
  - Sales increased 10% in 2000 H1
  - Mine expansions planned by important clients
- Bolivia
  - Group controls Andino railway which connects directly to Chilean network

## Group overview

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### Other investments

- Quiñenco S.A. (33.6%) – diversified industrial and financial group
  - Listed in Santiago and New York (LQ)
  - Market value of Antofagasta share US\$ 329 million (August 29)
  - Book value of US\$ 180 million for Antofagasta
  - Dividend of US\$ 31.3 million received in May

## Financial highlights

### first six months 2000

	2000 H1	1999 H1	%
Revenues	316.2	70.7	+ 347%
Profit Before Tax	100.0	18.2	+ 449%
Operating cash flow	91.4	15.2	+ 501%
Earnings per share	36.4c	8.0c	+ 355%
ROCE	11.8%	3.8%	-

## Looking ahead



## Looking ahead

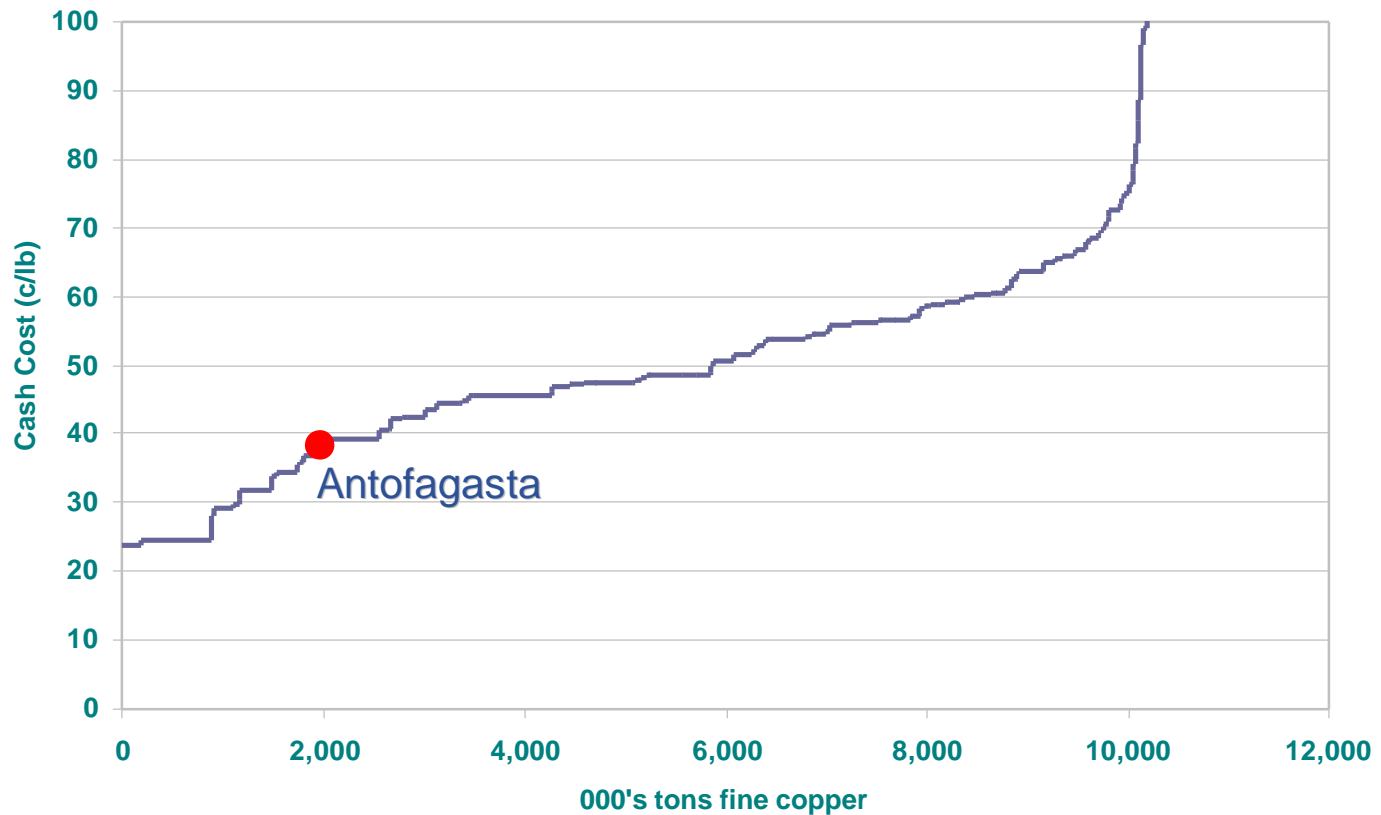
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- Low cost producer
- Significant expansion capacity
- High potential exploration areas
- Strong financial position
- Control of key risks
- Growth at the right time

## Looking ahead

### Low cost operations

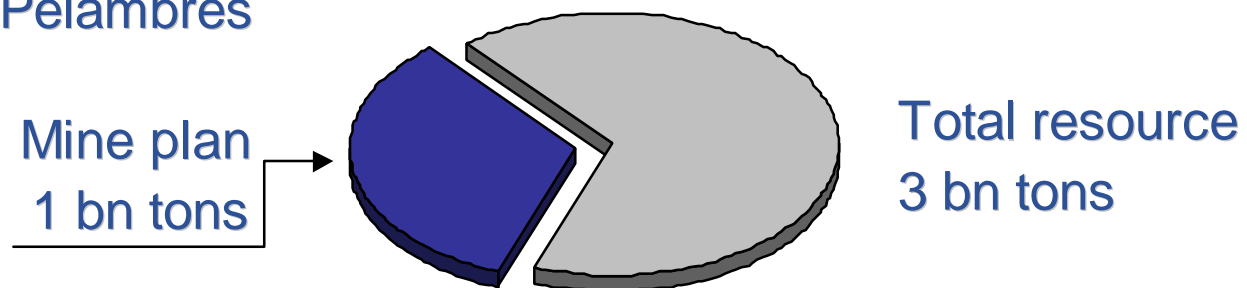
Cash cost curve of the copper industry - 2000



Expected cash costs around 40 c/lb next five years

## Looking ahead expansion capacity

- Los Pelambres



- Expansion alternatives under evaluation
- Tesoro - new geological resources in surrounding area
- Michilla - extensive unexplored mining properties

## Looking ahead

### high potential exploration areas



#### Esperanza copper gold porphyry

- 150 million tons sulphides  
0.81% Cu    0.46 g/ton Au
- 10 million tons oxides  
0.62% Cu

## Looking ahead

### high potential exploration areas



#### Magistral copper – moly skarn

- Drilling phase 2 completed
- Group can acquire 51% after 3 years

#### Cotabambas

- Copper - gold porphyry
- 74 million tonnes  
0.68% copper & 0.37 g/t gold

## Looking ahead

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### **strong financial position**

- Increasing cash flow
  - Production increase to 425,000 tons in 2002 (1999 - 60,500 tons)
  - Low cost operations
- Decreasing leverage
  - Peak leverage of 0.7 in 2000
  - Expected leverage below 0.3 in 2003

## Looking ahead

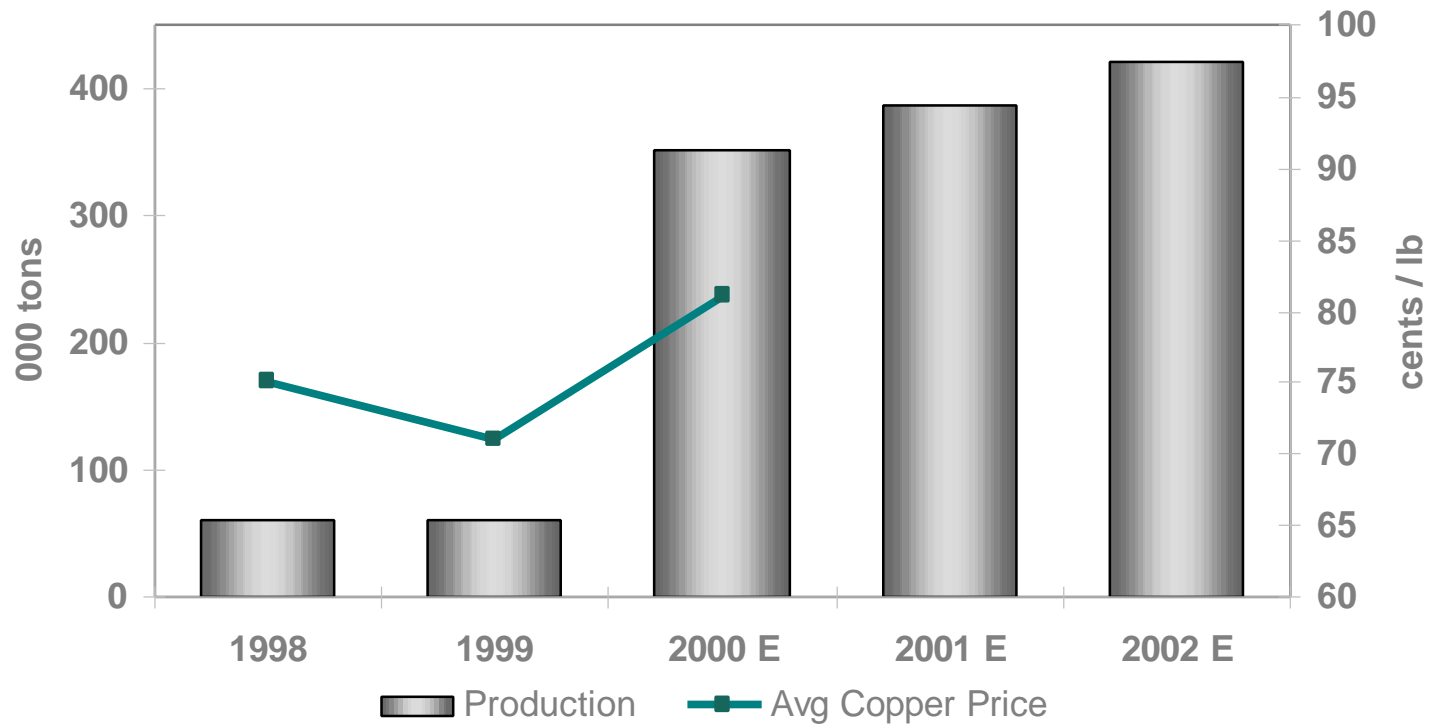
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### control of key risks

- High level of demonstrated reserves
  - 91.5 % in Los Pelambres
  - 98.6 % in El Tesoro
- Management experience - copper mining country
- Commodity price risk - low cost operations
- Long term sales contracts - mining and railway
- Low risk customers
- Long term labor union agreements - 4 to 6 years

Looking ahead  
growth at the right time

Production and copper price



## Looking ahead

### **growth at the right time**

- World copper consumption growing
  - Estimated growth of 4.5% in 2000 and 3.5% in 2001
  - Inventories declining (40% decrease from peak in March)
- Key drivers
  - Continued growth in both US and Europe
  - Asian recovery
- Positive outlook in copper prices
  - Current price of 85 c/lb
  - No major new mine capacity until 2002
  - Production growth around 2.5%

## Antofagasta summary

- Consolidated position as a low cost copper producer
- Proven experience in large scale operations
- Significant expansion potential
- Well positioned to benefit from an improving copper market

## Antofagasta contacts

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