



Results Presentation

First Half 2001

4 September 2001

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

First half 2001

- Copper prodn - 193,900 tonnes
(2000 H1: 167,700 tonnes; 2000 H2: 183,400 tonnes)
- Cash costs - 41 c/lb group average
- El Tesoro - constructed on time and within budget, with production on schedule
- Los Pelambres - improvements in plant performance in second quarter
- Esperanza - advanced conceptual study for a 50,000 tpd project

Financial highlights

First half 2001

| | | <u>2001 H1</u> | <u>2000 H1</u> |
|--------------------|-------|----------------|----------------|
| Turnover | US\$m | 342.6 | 316.2 |
| EBITDA | US\$m | 136.2 | 149.6 |
| EPS | cents | 14.4 | 36.4 |
| EPS(excl Quiñenco) | cents | 14.4 | 20.5 |
| Interim dividend | cents | 7.25 | 4.92 |
| ROCE | % | 7.4% | 11.8% |

Group

Overview and Update

First Half 2001

Group operations

Overview and update

Copper mining (Chile)

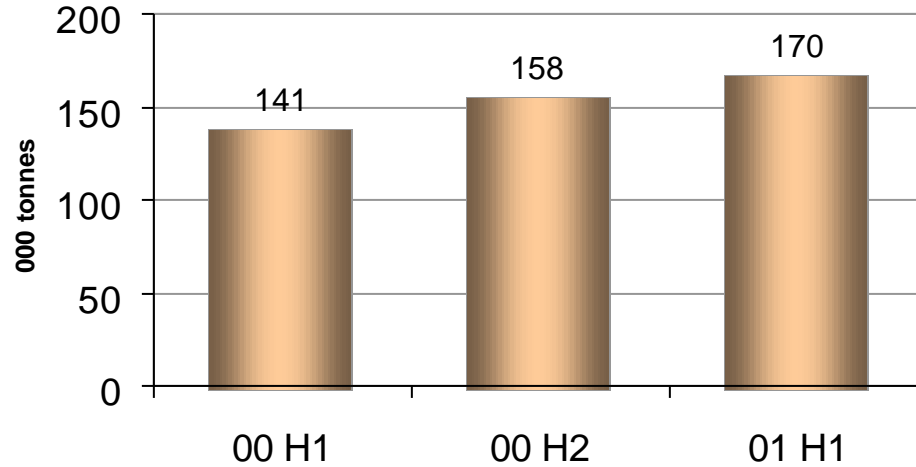
- Los Pelambres (60% owned) : 350,000 tpy in concentrates
 - El Tesoro (61% owned) : 85,000 tpy of cathodes
 - Michilla (74% owned) : 50,000 tpy of cathodes
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Railway and transport

- Antofagasta Railway - FCAB (100% owned): Chile
- Andino Railway (50% owned): Bolivia
- 3.9 million tons carried annually

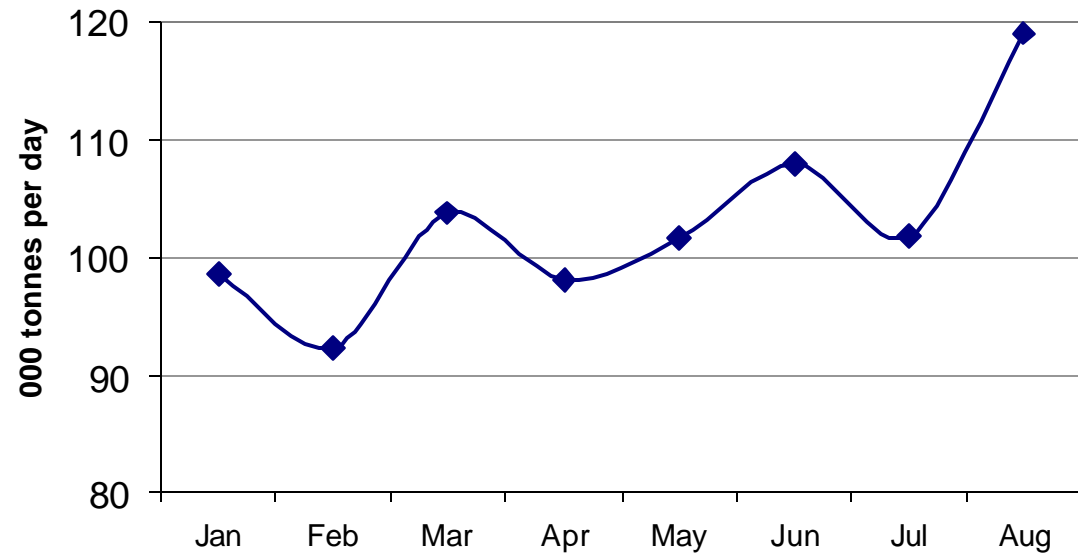
Los Pelambres

First half 2001 update



Copper production
(‘000 tonnes)

Ore processing levels 2001
(‘000 tonnes per day)



First half 2001 update

- Operating highlights
 - 170,000 tonnes produced, at 37.0 c/lb average cash cost
 - Improved plant performance in Q2 with full effect in August
 - US\$ 24m investment including a permanent pebble crusher approved, with processing levels to increase from August 2002
- Financial performance
 - EBITDA of US\$ 121m
 - US\$ 43.7m dividend in July (bringing cumulative distribution to shareholders to US\$ 152.1m)
 - Debt reduced by US\$ 43.7m to US\$ 835m (bringing cumulative repayments to US\$ 111m)

El Tesoro

First half 2001 update

- Construction completed: US\$ 292m (US\$ 4m under budget)
- First cathode production in April, 3 weeks ahead of schedule
 - 9,000 tonnes as of June 17,500 tonnes as of August
 - 2001 E: 41,300 tonnes 2002 E: 85,000 tonnes
- Copper grades and recoveries as planned
- Banking completion expected in Q1 2002, earlier than originally planned
- 40 c/lb cash cost expected for the first five years

Michilla

First half 2001 update

- Production levels maintained
 - 23,800 tonnes of copper cathodes
 - 69.4 c/lb cash cost
- EBITDA of US\$ 3.9m, with low debt levels (US\$ 1.8m)
- Heap leaching for sulphides (“cuprochlor” process) has been patented
- Copper recoveries from the underground sulphide ores are expected to increase from 72% to 82% in 2002

Key exploration projects

Overview and update



Key exploration projects

First half 2001 update

- Esperanza (Chile)
 - Drilling campaign (10,000 metres) completed in May
 - Sulphides: 268 million tonnes, 0.7% copper, 0.33 g/t gold
 - Oxides: 70 million tonnes, 0.42% copper
 - Demonstrated resources over 80%
 - Advanced conceptual study for a 50,000 tpd project
- Magistral (Peru)
 - Drilling campaign (14,000 metres) completed
 - Current geological resource estimate of 190 million tonnes of 0.83% copper and 0.062% molybdenum
 - Updated estimate expected in mid-September
 - Group's interest in the project now increased to 51%

Rail and other transport

First half 2001 update

- Transported tonnages maintained
- Continued growth in road transport and ancilliary services
- Turnover of US\$ 34.3 million
- 10 year freight contract signed with El Tesoro

Other investments

First half 2001 update

- Quiñenco S.A. (33.6%) – diversified industrial and financial group
 - Listed in Santiago and New York (LQ)
 - Market value of Antofagasta share US\$ 274 million (Aug 29)
 - Book value of US\$ 180 million for Antofagasta
 - No Quiñenco dividend income received this year (US\$ 31.3 million in 2000)

Financial

analysis

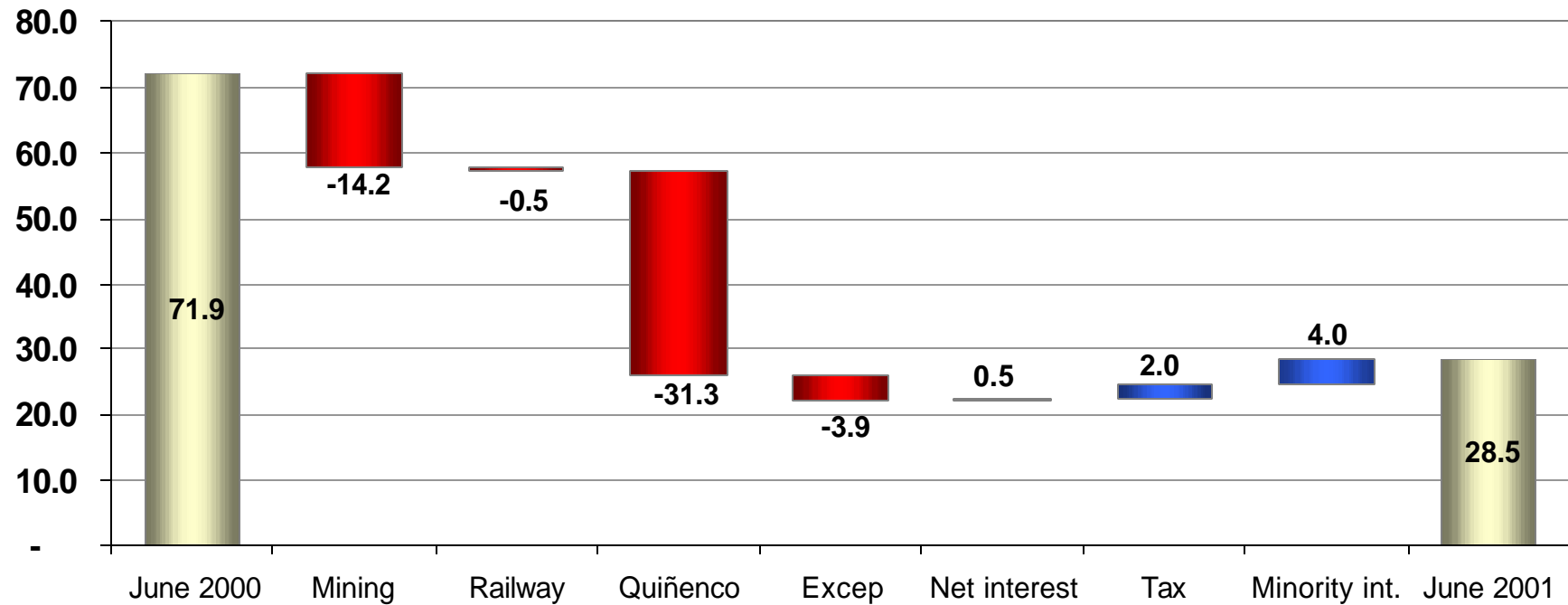
Financial analysis

Net profit (after tax and minorities)

| | 2001 H1 US\$m | 2000 H1 US\$m |
|--|------------------|------------------|
| Revenues | 342.6 | 316.2 |
| EBITDA | 136.2 | 149.6 |
| Operating profit | 77.4 | 92.1 |
| Profit before tax | 50.6 | 100.0 |
| Profit after tax and minorities | 28.5 | 71.9 |
| EPS (cents) | 14.4c | 36.4c |
| EPS excluding Quiñenco (cents) | 14.4c | 20.5c |
| ROCE | 7.4% | 11.8% |

Financial analysis

Net profit (after tax and minority interests) – 2001 H1 vs 2000 H1



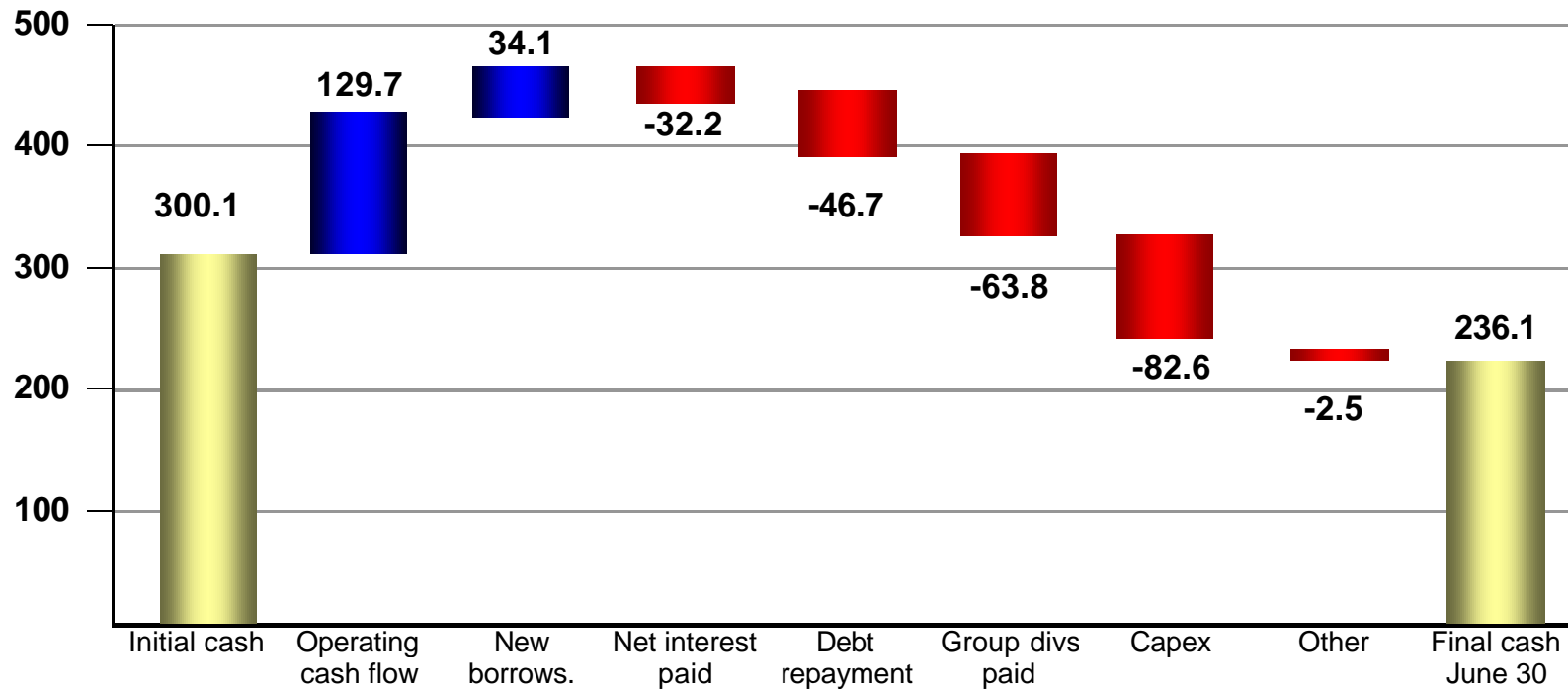
Financial analysis

Cash flow 2001 H1 vs 2000 H1

| | 2001 H1 US\$m | 2000 H1 US\$m |
|--|------------------|------------------|
| Operating cash flow | 129.7 | 91.4 |
| Dividends received | 0.0 | 31.4 |
| Net interest paid | -32.2 | -22.0 |
| Net capital expenditure | -82.6 | -165.8 |
| New borrowings & minority funding | 34.1 | 98.5 |
| Borrowings repaid | -46.7 | -3.9 |
| Group dividends paid | -63.8 | -17.3 |
| Other | -2.5 | 0.5 |
| Decrease in cash and deposits | -64.0 | 12.8 |

Financial analysis

Cash flow 2001 H1



Financial analysis

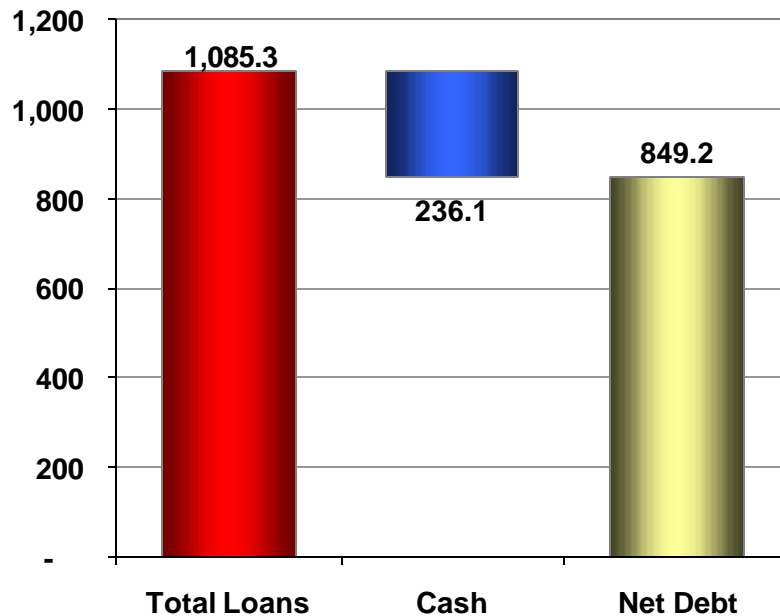
Balance sheet

| | 2001 June US\$m | 2000 Dec US\$m |
|------------------------|--------------------|-------------------|
| | <u>2,518.5</u> | <u>2,564.0</u> |
| Cash and time deposits | 236.1 | 300.1 |
| Other assets | 2,282.4 | 2,263.9 |
| | <u>2,518.5</u> | <u>2,564.0</u> |
| Loans | 1,085.3 | 1,095.7 |
| Other liabilities | 182.4 | 227.0 |
| Minority interest | 289.2 | 292.8 |
| Shareholders' funds | 961.6 | 948.5 |
| | <u>2,518.5</u> | <u>2,564.0</u> |

Financial analysis

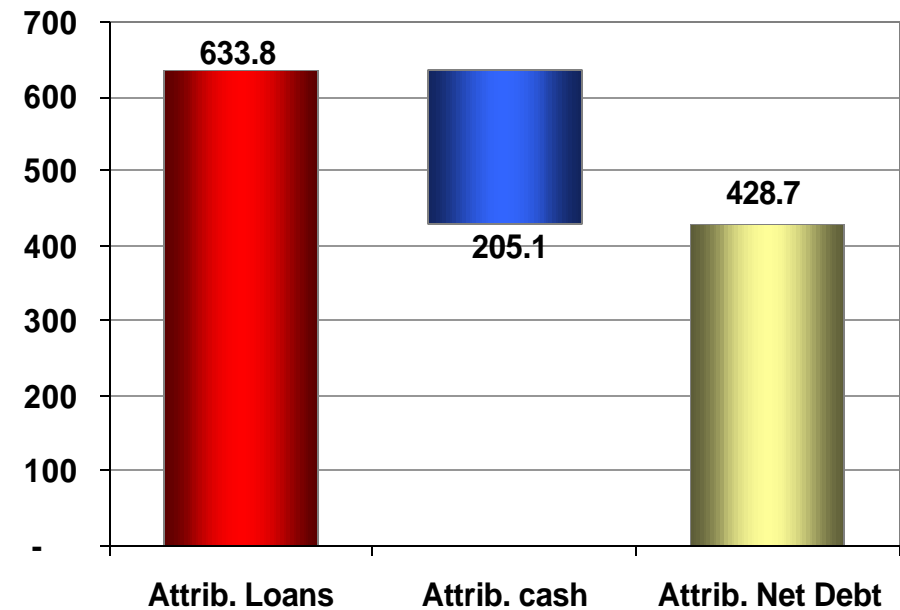
Group net debt

Consolidated net debt



$$\frac{\text{Net Debt}}{\text{Equity + Minority Interests}} = 0.68$$

Attributable net debt



$$\frac{\text{Attributable Net Debt}}{\text{Equity}} = 0.45$$

Key drivers

for growth

Key drivers for growth

- Geological resources
- Project development abilities
- Financial resources

Key drivers for growth

Geological resources

Strong base of resources for new projects and expansion of existing operations

- Los Pelambres : 3 billion tonnes (current 30 year mine plan uses 1 billion tonnes)
- Esperanza : 268 million tonnes (sulphides)
: 70 million tonnes (oxides)
- Magistral : 190 million tonnes

Key drivers for growth

Project development abilities

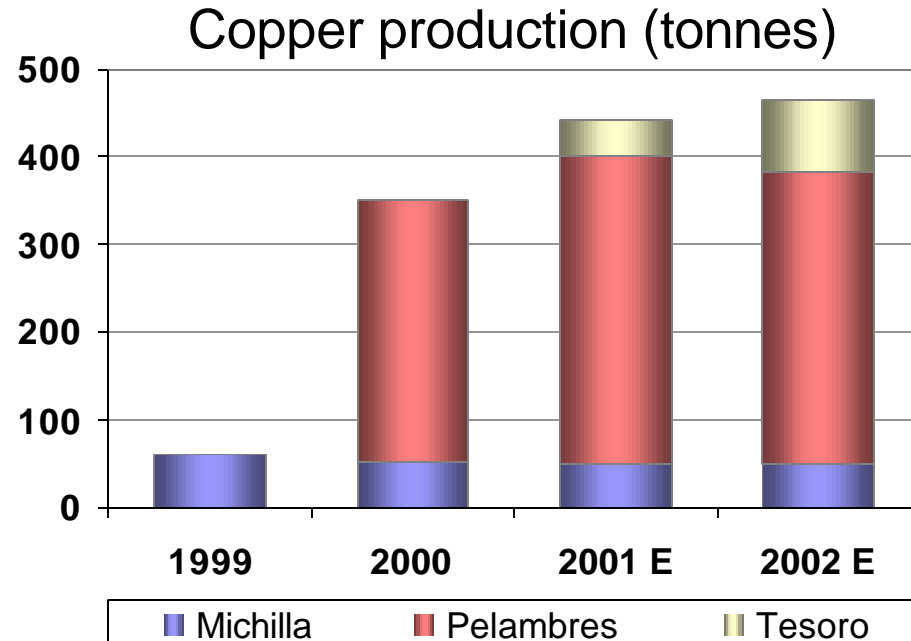
Two major copper projects developed between 1998-2001

- Los Pelambres: US\$ 1.36 bn, 350,000 tpy
- El Tesoro: US\$ 0.3 bn, 85,000 tpy
 - Ahead of schedule
 - On budget
 - Performance exceeded

Key drivers for growth

Financial resources

- Growth in copper production



- Cash generation from low cost operations
 - Group average cash cost 41 c/lb (first half 2001)
 - Los Pelambres 37 c/lb (first half 2001)
 - El Tesoro 40 c/lb (expected)

Looking to the future

Has the copper price bottomed out?

- Total copper inventories have been stable since mid July (6 weeks of consumption) indicating that the bottom of the cycle may have been reached (around 65 c/lb)
- Market deficit expected for next year:
 - 1.1% increase in global production (source: CRU)
 - 3.5% growth in consumption (consensus estimate)
- US demand expected to recover in second half 2002

“Antofagasta combines large scale operations,
low cost copper production and good
opportunities for growth”

Antofagasta

contacts

London

(Antofagasta plc)

Philip Adeane Managing Director

Hussein Barma Chief Financial Officer

Tel: +44 20 7382 7862

Fax: +44 20 7628 3773

E-mail: sbolton@antofagasta.co.uk

hbarma@antofagasta.co.uk

Santiago de Chile

(Antofagasta Minerals S.A.)

Jean-Paul Luksic Chief Executive Officer

Alejandro Rivera Chief Financial Officer

Tel: +562 377 5068 (Jean-Paul Luksic)

Tel: +562 377 5145 (Alejandro Rivera)

Fax: +562 377 5345

E-mail: arivera@aminerals.cl

E-mail: mmunoz@aminerals.cl

Website

www.antofagasta.co.uk