

# **ANTOFAGASTA HOLDINGS P.L.C.**

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## **FINANCING FOR THE US\$300 MILLION EL TESORO COPPER PROJECT FINALISED**

[London and Sydney] – Antofagasta Holdings P.L.C. and Equatorial Mining Ltd. today announced that their joint venture company, Compañía Contractual Minera El Tesoro (CCMET) has signed definitive agreements for a US\$300 million financing for the El Tesoro copper project in Chile, of which US\$205 million will be provided by project finance.

The US\$205 million facility is being provided by a consortium of senior lenders of which the Lead Arrangers are The Royal Bank of Scotland p.l.c., Dresdner Bank AG, London Branch, Banco Santander Central Hispano S.A., New York Branch and Kreditanstalt für Wiederaufbau of Germany. Co-arrangers are Standard Bank London Limited and Bayerische Hypo-und Vereinsbank AG with Mees Pierson N.V. as Lead Manager. The balance of the funding will come from the sponsors. N M Rothschild & Sons acted as financial advisor to the sponsors and El Tesoro, Sullivan & Cromwell acted as project counsel and Jara del Favero as local counsel.

The financing of this project, during a long period of low copper prices, has been made possible by the quality of the sponsors and the reduction of the construction and operating risk through the use of proven technology. The project benefits from experience gained in Antofagasta's similar project at Minera Michilla and from international demand for Michilla's LME Grade A cathodes. Kvaerner, the Anglo-Norwegian engineering and construction group has been awarded a US\$ 170 million turn-key contract which comprises the major part of the construction of the project. In addition, the project includes the construction of power, water lines and access roads. The project has completed the Environmental Impact Study process, administered by the Chilean state and is consistent with applicable World Bank environmental guidelines.

The El Tesoro mine is located approximately 200km north-east of Antofagasta in Chile. Estimated in-pit reserves total 153 million tonnes with a grade of 0.96% copper. The project is expected to produce 75,000 tonnes per annum of high grade copper cathodes over an 18-year mine life. Operating cash costs will be low, at between 39 c/lb (cents per pound) and 41 c/lb during the first five years of operation, placing the mine in the lowest quartile of world-wide copper production costs. The project will use the solvent extraction electro-winning (SXEW) process, to produce cathodes without the need for smelting, thus giving Tesoro direct access to terminal markets.

Antofagasta Holdings through its mining subsidiaries, Anaconda Chile S.A. and Minera Michilla S.A., is the majority partner, with 61% of El Tesoro; the remaining 39% is held by Equatorial Mining Ltd., a company controlled by AMP Group, the largest institutional investor in Australia.

Jean-Paul Luksic, President of the Board of El Tesoro stated that “the project’s robust economics and long life should ensure its profitable progress through future cycles of the copper market, especially with the support of such a strong group of sponsors and financing banks.” Mr. Luksic added that “total copper capacity for the Antofagasta group will exceed 400,000 tpa during 2001, placing it among the largest copper companies in the world.”

Gavin Thomas, CEO of Equatorial Mining Ltd. expressed his satisfaction at “the excellent relationship that exists between partners” and stated that “El Tesoro is a major step in the development of the company”.

Financial closing and satisfaction of conditions to borrowing are expected to occur in October 1999. Following an eighteen-month construction period, initial commercial production of cathodes is projected for the first quarter of 2001. The signing of the financing for this project shows the confidence of both the partners and financing banks in the future of Chile and in the copper business.

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