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REGISTERED IN LONDON
No. 1627889

London, 7 October 1999

ANTOFAGASTA GROUP TO EXPLORE MAGISTRAL COPPER PROJECT IN PERU

Antofagasta Holdings P.L.C., the Chilean mining group, announced today that its wholly owned subsidiary, Anaconda Chile S.A. has entered into an option agreement with Inca Pacific Resources Inc., the Vancouver listed mining company. The agreement enables Anaconda to earn a 51% joint venture interest in the Magistral copper skarn prospect in Central Peru, by completing a defined exploration programme for a total cost of US\$5.75 million over a three year period. The agreement is conditional on the approval of Minerio Peru, the Peruvian State mining company and the Vancouver Stock Exchange.

In addition, once Anaconda has earned its 51% interest it has an option to increase its interest in Magistral to 65% on preparation of a bankable feasibility study within two years. The agreement also gives Anaconda the right to earn an initial 30% interest in Magistral once it has incurred the US\$2.1 million of exploration expenditure and certain other conditions have been satisfied. This 30% interest may be repurchased by Inca Pacific at a price established by independent appraisers if Anaconda terminates the agreements before earning its 51% interest in the project.

Anaconda will be the operator of the Magistral Project which is located 120 km north-west of the Antamina project, one of the largest copper/zinc development projects in the world.

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